DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

December 16, 1985

ALL-COUNTY INFORMATION NOTICE I-105-85

TO: ALL COUNTY WELFARE DIRECTORS
      DISTRICT ATTORNEYS

      ATTENTION SPECIAL INVESTIGATION UNITS

SUBJECT: SB 383

REFERENCE:

Attached for your information is a copy of Senate Bill 383 which was signed into law by the Governor, effective September 13, 1985 (Chapter 568, Statutes of 1985).

This legislation amends Section 10980 of the Welfare and Institutions Code to reinstate the criminal penalties for illegal food stamp trafficking, thereby providing clear statutory authority for the prosecution of such cases.

If you have any questions concerning this legislation, please contact Rick Tibbetts of the State Department of Social Services, Fraud Program Management Section at (916) 924-2836.

Sincerely,

JOANNE ICHIMURA-HOFFMANN
Deputy Director
Management Systems and
   Evaluation Division

Attachment

cc: CWDA

GEN 654a   (9/79)

CHAPTER 568

An act to amend Section 10980 of the Welfare and Institutions Code, relating to food stamps, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 383, Royce.   Food stamps: penalties.

Existing law provides for the Food Stamp Program, which is administered by each county.

This bill would provide that whoever knowingly uses, transfers, sells, purchases, or possesses food stamps or authorizations to participate in the federal Food Stamp Program in any unauthorized manner is; (1) guilty of a misdemeanor if the face value of the food stamps or the authorizations to participate is $400 or less, and shall be punished by imprisonment in the county jail for a period of not more than six months, a fine of not more than $500, or by both such imprisonment and fine, or (2) guilty of a felony if the face value of the food stamps or the authorizations to participate exceeds $400, and shall be punished by imprisonment in the state prison for a period of 16 months, 2 years, or 3 years, a fine of not more than $5,000, or by both such imprisonment and fine or by imprisonment in the county jail for a period of not more than one year, or a fine of not more than $1,000, or by both such imprisonment and fine.

This bill would, by creating new crimes, create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1.   Section 10980 of the Welfare and Institutions Code is amended to read:

10980.   (a) Any person who, willfully and knowingly, with the intent to deceive, makes a false statement or representation or knowingly fails to disclose a material fact in order to obtain aid under the provisions of this division or who, knowing he or she is not entitled thereto, attempts to obtain aid or to continue to receive aid

to which he or she is not entitled, or to receive a larger amount than that to which he or she is legally entitled, is guilty of a misdemeanor, punishable by imprisonment in the county jail for a period of not more than six months, a fine of not more than five hundred dollars ($500), or by both such imprisonment and fine.

(b) Any person who knowingly makes more than one application for aid under the provisions of this division with the intent of establishing multiple entitlements for any person for the same period or who makes an application for such aid for a fictitious or nonexistent person or by claiming a false identity for any person is guilty of a felony, punishable by imprisonment in the state prison for a period of 16 months, two years, or three years, a fine of not more than five thousand dollars ($5,000), or by both such imprisonment and fine, or by imprisonment in the county jail for a period of not more than one year, or a fine of not more than one thousand dollars ($1,000), or by both such imprisonment and fine.

(c) Whenever any person has, by means of false statement or representation or by impersonation or other fraudulent device, obtained or retained aid under the provisions of this division for himself or herself or for a child not in fact entitled thereto, the person obtaining such aid shall be punished as follows:

(1) If the total amount of such aid obtained or retained is four hundred dollars ($400) or less, by imprisonment in the county jail for a period of not more than six months, a fine of not more than five hundred dollars ($500), or by both such imprisonment and fine.

(2) If the total amount of such aid obtained or retained is more than four hundred dollars ($400), by imprisonment in the state prison for a period of 16 months, two years, or three years, a fine of not more than five thousand dollars ($5,000), or by both such imprisonment and fine; or by imprisonment in the county jail for a period of not more than one year, or a fine of not more than one thousand dollars ($1,000), or by both such imprisonment and fine.

(d) Any person who knowingly uses, transfers, acquires, or possesses blank authorizations to participate in the federal Food Stamp Program in any manner not authorized by Chapter 10 (commencing with Section 18900) of Part 6 with the intent to defraud is guilty of a felony, punishable by imprisonment in the state prison for a period of 16 months, two years, or three years, a fine of not more than five thousand dollars ($5,000), or by both such imprisonment and fine.

(e) Any person who counterfeits or alters or knowingly uses, transfers, acquires, or possesses counterfeited or altered authorizations to participate in the federal Food Stamp Program or food stamps in any manner not authorized by the Food Stamp Act of 1964 (Public Law 88-525 and all amendments made thereto) or the federal regulations pursuant to the act is guilty of forgery.

(f) Any person who fraudulently appropriates food stamps or authorizations to participate in the federal Food Stamp Program

with which he or she has been entrusted pursuant to his or her duties as a public employee is guilty of embezzlement of public funds.

(g) Whoever knowingly uses, transfers, sells, purchases, or possesses food stamps or authorizations to participate in the federal Food Stamp Program in any manner not authorized by Chapter 10 (commencing with Section 18900), of Part 6, or by the federal Food Stamp Act of 1977 (Public Law 95-113 and all amendments made thereto) is; (1) guilty of a misdemeanor if the face value of the food stamps or the authorizations to participate is four hundred dollars ($400) or less, and shall be punished by imprisonment in the county jail for a period of not more than six months, a fine of not more than five hundred dollars ($500), or by both such imprisonment and fine, or (2) guilty of a felony if the face value of the food stamps or the authorizations to participate exceeds four hundred dollars ($400), and shall be punished by imprisonment in the state prison for a period of 16 months, two years, or three years, a fine of not more than five thousand dollars ($5,000), or by both such imprisonment and fine or by imprisonment in the county jail for a period of not more than one year, or a fine of not more than one thousand dollars ($1,000), or by both such imprisonment and fine.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs which may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, changes the definition of a crime or infraction, changes the penalty for a crime or infraction, or eliminates a crime or infraction.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that specified illegal acts concerning the use of food stamps are subject to criminal penalties, as soon as possible, it is necessary that this act go into immediate effect.

O

in two cases, operators.

If the obstacles to operating supported work as part of a larger entity can be resolved, the program stands a better chance of becoming a stable part of the local employment and training programming; a public agency actually performing program development and implementation is more likely to provide the resources and time necessary that it might find intolerable in a subcontractor. Also, interested agency leadership can use its awareness of local development and local interests to create both usefulness and opportunity for the supported work program. For example, the New York City program placed supervisors and supported work crews in the main public library to perform a variety of librarian, administrative and custodial tasks. Library staff trained them. This worksite was developed when funding was inadequate to keep the library open on week-nights and Saturdays. Many of the workers on this site later got transition jobs in libraries or other parts of the book industry.

Newly Created Nonprofit Corporations

The important thing is to be realistic about this option and to realize that relatively small, complex and specialized programs are most susceptible to buffeting by the ordinary workings of a typical bureaucracy.

Setting up an independent, nonprofit corporation was a fairly common approach used in the national demonstration to operate the supported work programs. These nonprofits were set up with the blessing of the local or state government that desired to participate in the national demonstration, but they were, for the most part, thereafter viewed by the sponsors as independent operating agencies not under the direct control of the sponsoring local government. Each new corporation developed a board of

directors to whom it was responsible, and this board usually consisted of a combination of local labor, business, social agency, political and community leaders. This approach presumably guaranteed the independence needed for the entrepreneurial aspect of supported work while retaining enough of a tie to the sponsoring agency to give the program a somewhat "favored" status in getting local monies, working through bureaucracies and being informed of new work areas that would be mutually beneficial to both local government and the supported work program.

The entrepreneurial part of the equation turned out largely as presumed: those programs that have developed the most "private-sector"-like worksites (e.g., tire recapping, gas station and auto garage, furniture design and construction, boat-building) are consistently the independent nonprofits. These nonprofits also developed more, and more innovative, worksite arrangements with the private sector.

The relative uniqueness of the worksites' development conducted by the nonprofits is largely attributable to three factors. First, the nonprofit agencies seemed to attract more staff with entrepreneurial and business backgrounds. Second, being relatively small and out of the limelight of regular public agency business, they could undertake higher risk ventures. Third, they were not impeded in the hiring of staff, purchasing of materials and implementing of plans by the procedures and layers of approval usually present in a public agency.

This "entrepreneurial flair" approach is a tempting one, and it does produce worksites which are, in many cases, more interesting not only to the program observer or monitor but to the participant as well. However, it is an approach that, if taken, must be based on the skills and experi-

ence of program management, and not on the hopes and dreams of program planners. The three programs closed down during the demonstration were all nonprofits, and all had ambitious revenue-producing worksite plans which they could not manage. In addition, a number of more interesting and skilled worksites initially set production standards higher than was reasonable for the workforce, got locked into deadline production contracts and found it difficult to put adequate resources into developing and structuring the basic supported work elements into their programs. Greater attendance problems, resignation and termination rates were the result.

Thus the use of a sole-purpose nonprofit to develop and operate supported work should be based on unique worksite opportunities known to the planners, and the availability of particularly innovative personnel. Simply setting up a nonprofit to operate supported work will not necessarily produce a more innovative or better program. It will cut through a lot of red tape, if that is necessary; it will concomitantly create the need for an active local board of directors for oversight and the assurance of adequate fiscal systems and controls. It will require an especially skilled and active director, since the tasks of fundraising and public relations will be two of his or her primary responsibilities, whereas these tasks are shared with parent agency staff in the other institutional arrangements discussed in this chapter. It will require the ongoing development and maintenance of relationships with key local groups and agencies so that independence does not turn out to be isolation.

Existing Nonprofit Organizations

The other approach most utilized in the national demonstration was to have an existing local nonprofit agency involved in employment or other social benefit programs set up supported work as an operating division of the parent agency or as a nonprofit corporation controlled by the parent agency. This approach had the advantage of allowing the supported work staff to focus its efforts on program management and operations, and having some of the burden of fund raising and public relations taken on by parent agency staff, who are often experienced and skilled at these tasks. This is one of the primary advantages of such an arrangement, and it gives the program the opportunity to concentrate the necessary resources on the development and implementation of supported work program elements and techniques. This arrangement often also ensures greater cash flow stability and a more careful local oversight of program expenditures, since the parent agency usually takes on some responsibility for fiscal systems and audits. Such agencies are usually experienced in the development of special programs for the severely disadvantaged, and during the demonstration, three programs operated by such agencies (a National Urban League chapter, a Community Action Agency and a Spanish-Speaking Unity Council chapter) utilized their experience and resources to implement the major supported work program elements in particularly creative and effective ways. The "Program Elements" chapter illustrates some of these techniques. All four of the demonstration sites that operated as parts of existing nonprofit agencies performed closer to contract standards than did their sole-purpose nonprofit counterparts.

There are, naturally, several disadvantages to this kind of arrange-
ment. One is that the parent agency usually has other programs and
interests besides supported work, so that on occasion, new funding
sources, worksites or institutional relationships that would be appro-
priate for supported work are not utilized for supported work. This
disadvantage is an inevitable by-product of a parent agency arrangement
and, though it may cause some disappointment, is just the price of doing
business this way. The compensation is, of course, that the parent
agency may obtain types of funding, worksites and relationships for the
supported work program that an independent supported work corporation
could not secure on its own.

More severe disadvantages to this kind of arrangement can arise when
the parent agency is so small that the supported work program quickly
becomes its dominant program, causing the parent agency staff to behave
not like an oversight and policy guidance agency, but rather like another
layer of program management, or tries to use the supported work program
to further the success of another program it is more interested in and
dedicated to. Both these situations arose in the national demonstration,
and in each case, the supported work program eventually split off and
functioned as an independent nonprofit corporation. •

The success of the parent agency approach depends largely on the
existence of a competent, interested, experienced agency -- one whose
leadership is interested in supported work, but whose other program
interests are such that supported work will be allowed to develop accord-
ing to its program principles and needs. This approach usually provides
visibility in the political and community interest-group sectors. It

will rarely produce the number of innovative worksites or poor management decisions of the free-standing nonprofits nor quite the funding and institutional stability or bureaucratic entanglements of a local governmental agency. It is "the middle way," but an excellent way to go if it is locally available.

Although demonstration experience has ruled out the feasibility of operating a supported work program as a free-standing for-profit corporation, it should be noted that no program to date has been operated as a subsidiary unit of a for-profit corporation. As stated earlier, it is possible, given the right set of circumstances and personnel, for any of the above arrangements -- or even others -- to work.

Board of Directors and Advisory Committees

No matter what the institutional arrangement, it is advisable for a supported work program to have a board of directors (if it is set up as a nonprofit corporation) or an advisory committee. This group will be composed of citizens who represent local interests most affected by or most involved in the supported work programs, and who, as individuals, are supportive of the program. It will generally be composed of representatives from organized labor, business, banking, legal, interested community groups, governmental agencies and any special areas of expertise or knowledge that the program requires.

This group, composed usually of persons with already busy careers, will not and should not be expected to function as an active oversight or management agency. Its value is more in providing advice as to what kind of activities would be valuable to the local community; inroads to getting involved in those activities; early warning as to the kinds of

sectors of the local community; assistance in resolving problems that do arise; and, for a free-standing nonprofit, evaluation of program fiscal and top management staff performance and community response.

To get this value from the board or advisory committee is largely the responsibility of the program director, and, based on the experience of the national demonstration, is not easy to achieve. The ability to utilize this group properly falls into several general categories:

1. The board or advisory committee must be appropriately informed as to the program's activities. This sounds easy enough, but in fact involves careful planning and forethought by the director. Busy people do not have the time, capacity or interest to absorb all the activities of the program. Several programs so inundated their boards with material that the boards vacillated between being overly involved in operational details and simply not paying attention to the massive amount of materials submitted, and thus not noticing the issues that did deserve their attention. Other directors gave only oral presentations of program activities, only to find that they ended up with uninvolved boards unwilling to expend much effort in helping the program when that help was needed.

The most useful and productive approach is to prepare brief written summaries of program activities that highlight those issues of general interest and those of interest to specific members. Sending these materials out in advance of the monthly or bimonthly board meeting, with notes pointing out to individual members issues of particular interest, is one way to promote active involvement of the board.

2.   The board or committee must develop some general guidelines as to what kinds of activities require its formal review and approval. Most boards want to approve contracts or grants over a specified amount, any program or staff expansion, new worksite ventures and capital or equipment expenditures above a certain amount. The program director can usually guide the board in this process by suggesting those matters which should receive regular board or committee review. Although review can lead to setbacks, it ensures an active, involved board, a discussion of key issues from various perspectives and a board more likely to assist the program when activities it has approved run into problems. Defining key areas of board interest also can serve as boundaries against too much meddling in day-to-day affairs, and serve to aid in forming sub-committee areas or seeking appropriate new members.

This issue of defining a board's areas of responsibility and decision-making plagues even large, well-established for-profit companies, and has caused several companies over the past few years to develop "job descriptions" for their board.

3.   The board or committee must have some established criteria by which to evaluate the program's performance. Again, a savvy program director will take the initiative in this process and in so doing, clarify for him- or herself and the board the key performance indicators. Doing this also helps define the kind of program activities about which the board must be kept informed. Chapter VI outlines some performance indicators which MDRC found useful in evaluating the national demonstration programs and included in its

annual contracts with the local operating agencies.

Management Structure and Staffing

Effective management structure and personnel are key items in the successful functioning of any organization, and supported work is no exception. However, because a supported work program does not, by definition, have the requisite stability at the bottom of the workforce, a typical hierarchical structure is impossible. More so than traditional organizations, the buck really does stop with the director of a supported work program. No matter what form the structure takes -- and it can take various forms and include different titles -- the director must provide accountability, oversight and review. Beyond that, the structure must adequately allow the major functions or tasks of the program to be performed: intake (outreach, interviewing, eligibility verification, hiring processing, orientation and job assignment); worksite development, worksite implementation, coordination and supervision; grant development, negotiation and reporting; fiscal accounting, reporting and internal controls; internal record-keeping and reporting; job readiness development and placement services; overall program guidance and control. It is the director who must hold it all together.

The programs in the national demonstration developed a variety of structures to account for these tasks and any others peculiar to their local situation. There is no inherent magic in any of them; each developed as the needs and direction of the program became clearer over time. Whatever organizational structure is used, however, the following issues pertinent to a supported work organization and its management are

bound to arise:

- The selection of a program director is of course key to the program's implementation. Unsurprisingly the demonstration uncovered no obvious criteria to aid in the selection of the "right person." Individuals with private sector or public sector, administrative or operational, client group or not backgrounds succeeded, failed and struggled at about the same rates. Those that succeeded had a clear view of the kind of program they wanted, which usually coincided with their already-developed skills; even that generality does not account for vast differences in management skills among the directors, regardless of the clarity of their views. Perhaps the best indicator of the necessary management skills initially required is a previously successful experience in the development of an operating entity, either private or public sector, in addition to some political expertise, since the success of a supported work program is often dependent upon the political winds at all levels. Throughout the five year demonstration, seven of the fifteen programs changed top management in response to performance problems; three of them changed leadership more than once. In four of the seven programs where leadership changed, that change provided the impetus to better performance, and continued participation in the demonstration.

- Not only must worksites be developed and operated to work; they must also be implemented to provide the key supported work elements. The worksite development function is a critical one

beyond its revenue potential and operating efficiency, and the
director must make certain that program integrity is maintained
at each worksite. Since the key program elements often inter-
fere with the development of attractive worksites or the
efficiency of their production capacity, they are easy for
staff to overlook in carrying out their separate functions.
The director is responsible for ensuring the integrity of the
program and therefore must be responsible for seeing that all
worksites are supported worksites. One program created a staff
committee on worksite development, composed of the controller,
operations director and job development specialist, whose task
it was to review all proposed worksites for their fiscal and
operational soundness, transition potential and use of sup-
ported work elements. Any disagreement within the committee
was resolved by the program director. Most program directors
stay intimately involved with the worksite development process,
regardless of who is directly responsible.

The success with which the job readiness, development and
placement functions are carried out is in some respects "the
bottom line" of a supported work program's performance. It is
easy, particularly in the early months of program start-up, to
put these tasks aside on the grounds that it will be many
months before supported workers are ready to use them; besides,
organization building, worksite development and operation and
ongoing contact with funding agencies constitute full-time
chores. Demonstration experience was that such delaying was

usually regretted. Some supported workers are ready for job transition after four or five months of supported work. Developing non-supported jobs and contacts are not easy tasks, particularly in their initial stages, and need some lead time before results are available. Consequently, even though supported workers are generally not available for placement in the early months of operation, the director's focus on how and by whom the tasks of job readiness, development and placement will be performed must be one of priority. The chapter on transition explores this task more fully.

- A supported work program is perpetually balancing its sometimes conflicting programmatic, individual development and business operation and productvity goals. Many program observers, and program directors themselves, have noted that this tension is a useful one: it restrains the program from becoming too business-like, by pressuring participants with production deadlines and revenue achievement, and neglecting its graduated stress and developmental goals, or too ancillary service and individual problem-oriented -- in other words, a psychotherapy program -- reducing the program's approximation of an unsupported job and the participants' chances for successful transition. This tension is discussed and debated at the management level, as it should be, but is experienced most directly at the supervisor level. The quality of any participant's supported work experience is determined by program management personnel, whatever organizational structure they

have created, and how the individual supervisor carries out the program's purpose. Thus the organizational structure should allow, through training, on-site monitoring, reporting and staff committee and meeting mechanisms, the opportunity for information and ideas on how the program is being implemented, and how it could better be implemented, to flow openly in the organizational structure. An overly-hierarchical structure of staff and supervisor communication will probably isolate and demoralize worksite supervisors and prevent management staff from knowing the actual content and quality of the program they are managing.

Most directors reserve some time each week to visit worksites, and many arrange regular meetings with their work-site supervisors to discuss problems and possible solutions. This kind of contact is usually informative for the director, sometimes produces substantive decisions and is always impor-tant as an indication to worksite supervisors that the program director is well aware of and concerned with what's going on at the worksites.

- No matter how entrepreneurial and business-like a program's operations and worksites, it is usually primarily supported by public funds. Proper fiscal procedures and decision-making process for expenditures and payments, ongoing mechanisms for management monitoring of these procedures and decisions and regular certified audits are all necessary components for a proper use and accounting of public funds. MDRC has produced a

handbook of fiscal guidelines and procedures applicable to a supported work program, and a basic checklist for directors to use in reviewing the fiscal system with the controller. The program director, particularly of a newly-created nonprofit with local agency oversight or assistance, must be aware of the need for fiscal systems that he or she can basically understand and monitor. In a publicly-funded program, the proper use of and accounting for funds, and acceptable proof thereof, are critical.

Management of supported work is similar to that of any organization in that delegation, span of control and job tasks must be properly defined and integrated; organizational and individual performance goals must be adequately shaped, monitored, evaluated and reshaped; internal systems of decision-making, communication and information flow must be established to maximize the supported work organization's chances of meeting its goals. There are numerous management training and system books, courses and packages which deal with these general issues, and most of them developed by established business training organizations, like the American Management Association, provide adequate general guidance.

However, supported work also requires management personnel dedicated to the social goals of the program. It is those goals, and the workforce they represent, that compound the difficult task of running a mini-conglomerate, and provide management with its most troublesome dilemmas and its greatest satisfactions.

CHAPTER VI

PERFORMANCE CRITERIA

The preceding chapters have addressed many of the crucial planning
and implementation issues to be dealt with in setting up and operating a
supported work program. This chapter lays out some of the major criteria
to use in evaluating program performance. It is based on the actual
performance of the demonstration sites over a six-year period.

MDRC used these performance criteria in developing annual contracts
with the local operating sites, and to a significant degree used the
fulfillment of performance goals as a factor to be considered in its
decision on whether and in what amount to continue investing national
funds in individual operating sites. (A sample policy follows this
chapter.) Thus the careful formulation of goals under these various
criteria, and reviews of actual performance against those goals, are a
critical part of the process of ensuring that funds invested in supported
work are achieving appropriate results.

However, there are several caveats to using quantifiable indicators
in evaluating program performance. First, there must be a sound infor-
mation-producing system, which inputs and outputs reliable data. System
development, training of local staff for use and quality control pro-
cesses must be carefully set up and periodically reviewed if the setting
and evaluation of quantifiable indicators is to have even a minimal
threshold of usefulness. Second, there are various trade-offs among
quantifiable goals, and quality considerations underlying raw numbers,
which are either impossible or simply too unwieldy to quantify but which

play an important part of evaluating program performance. For example: a higher placement rate can be achieved by placing graduating supported workers into low-wage jobs with high turnover rates, or by placing supported workers in available jobs when in truth they are not ready for such placements. Or, it is possible to lower public costs by pushing production of worksite revenues at the expense of the supported work programmatic elements -- which is usually attended by a high early termination rate.

Thus it is important that the various goals be seen in relation to one another, and in relation to supported work's ultimate purpose of providing participants with the habits, attitudes and experience which will allow them to obtain and maintain regular jobs. MDRC's experience has been that the quantifiable indicators are most useful in conjunction with regular on-site evaluations of the various key aspects of a program's regular functioning. For instance, in addition to positive placement rates and their use as an indicator of program performance, negative termination rates -- although not a measure of anything quantifiable -- also indicate something about program performance, and must be watched. It is not the point of supported work to fire most of its participants, so a program with high negative termination rates may be doing something wrong. Neutral rates, on the other hand, particularly when associated with AFDC participants, are usually justifiable because that population often encounters health problems, family complexities that preclude work, or child care problems. It is the negative rates that should signal trouble with the program.

Table VI-1 lays out the demonstration performance under each major

TABLE IV-1

KEY PERFORMANCE CRITERIA: 1980

	AFDC	EX-OFFENDERS	EX-ADDICTS	YOUTHS	TOTAL
PLACEMENT	41.7%	31.5%	36.2%	28.8%	34.7%
AVERAGE PLACEMENT WAGE	$ 3.75	$ 4.15	$ 4.42	$ 3.71	$ 3.92
PUBLIC SUBSIDY PER PERSON YEAR					$10,700
PUBLIC SUBSIDY PER PARTICIPANT	$6,866	$4,369	$5,350	$5,617	$5,439
SWer WAGES AS % OF PUBLIC FUNDS	—	—	—	—	66%
WORKSITE REVENUES AS % OF WORKSITE COSTS	—	—	—	—	125%
WORKSITE REVENUES AS % OF TOTAL REVENUES	—	—	—	—	25%
WORKSITE ATTENDANCE	82.0%	76.9%	76.0%	71.8%	78.8%
OVERALL ATTENDANCE	87.9%	82.3%	85.5%	77.0%	84.1%
NEGATIVE TERMINATIONS	19.1%	40.0%	31.4%	37.3%	31.9%

criterion, by target group, in 1980.

Placement

During the last five years, the programs have demonstrated that job readiness training and activities are most effective if begun several months in advance of the anticipated placement date. The first six months of the operational program are, actually, just barely sufficient time in which to lay the groundwork for permanent placements: informing the community, beginning job readiness preparation classes and activities for the participants, meeting with potential employers, and the like. The actual techniques and strategies for the placement of supported workers into regular unsubsidized jobs are discussed in depth in Chapter IV.

The placement rate for the national demonstration sites was calculated by dividing for a given time period the number of supported workers placed in unsubsidized jobs by the total number of departures from the program (for any reason). This is a tough standard, but it assures an honest accounting of program success in accomplishing its ultimate goal.

The placement rate will, by virtue of the way it is calculated, get off to a bad start in the first few months of operations. This is because dropouts and terminations in the initial months of program operation will not be offset by positive departures. It is all the more important, therefore, to have the placement apparatus ready early, so that this early statistical imbalance is not exacerbated by an actual low placement rate for the initial group of job-ready workers.

The quality of individual placements, as well as the overall rate,

should be carefully monitored by the program management staff, to ensure that the jobs being obtained are not short-term, high turnover minimum wage jobs. During the course of the national demonstration, most of the jobs obtained by supported workers have been entry-level jobs with wages from 20 to 25 percent above the minimum wage. With the exception of rollover placements, they have not generally been related to the type of job the participant had during his or her program stay.

There are substantial variations in unsubsidized job placement performance from target group to target group, the AFDC recipients having had the best performance to date. During the first six months of 1980, the AFDC placement rate to regular, unsubsidized jobs was 41.7 percent. Ex-offenders and ex-addicts had placement rates of 31.5 and 36.2 percent, respectively, and youths 28.8 percent. A new site should be able to achieve these rates by the end of 12-15 months of operation.

Cost

As with the start-up of any organization, profit or nonprofit, the cost of a supported work program during the early months is high relative to its product or observable accomplishments. Many of the administrative and operational staff must come on board early to assist in planning, organizational and other early implementation tasks before supported workers are actually hired; equipment and other one-time expenses are assumed during this period; and supported workers are enrolled according to a gradual phase-in plan, so that the percentage of program expenses going to supported worker wages is at its lowest during the early months. It is critical that the program director push hard to get through this early period as quickly as possible so that the program

can proceed to operate within sensible, cost-efficient parameters. By the end of the third quarter of operations a supported work program should be operating within the cost standards set forth below and in Table IV-1.

Public Subsidy Cost Per Person-Year. It is likely that one of the primary reasons why supported work gained a reputation early on for being a high cost program was because of the person-year cost unit of measurement, not because of particularly high costs. Person-year cost does not measure the cost per participant, as many programs currently do, but the cost of maintaining one active worksite slot over a 12 month period. The actual slot might be filled with one, two, three or more consecutive participants during that 12 month period, depending upon the workers' length of stay.

This unit of measurement is a very useful management tool. It offers no benefits to local operations for moving participants through the program quickly. Supported work is designed to deal with participants sufficiently disadvantaged that some may in fact require the full 12 months of program participation before they are ready for a regular job. Thus, as a management tool, this measurement offers no incentive for programs to push workers out too soon or to fire difficult workers before working with them to the fullest extent possible, in order to look better in cost terms.

The public subsidy per person year is arrived at by subtracting service project revenues from total revenues (leaving "unearned" public funds) and dividing that number by the number of person-years for the same time period. By excluding the revenues received by the program for

goods and services rendered, it indicates solely the public grant funds required to operate the supported work program. The excluded service project revenue is revenue acquired for work performed. There is considerable incentive for local programs to attempt to earn more worksite revenues in order to lower the cost to public resources. Over the course of the demonstration worksite revenues increased from 13 to 25 percent of total revenues. Even this twofold increase underestimated the significance of the amounts earned since the total demonstration program went from nine to $36 million during the six years of the demonstration.

The average public subsidy cost per person-year is currently $10,700. During the first operating year, the public subsidy cost will probably be anywhere from $500 to $2500 higher than this, because of the gradual phasing in of participants, some up-front non-recurring implementation costs and the difficulties in serving revenue-producing contracts for an organization with no track record. New programs can expect to be on target with respect to this cost by the 15th month of operation, however.

The demonstration supported work programs are operated either by discrete organizations, solely involved in the operation of supported work, or in a few cases by separate units of larger organizations. The public subsidy figure is therefore inclusive; there are no hidden costs, such as unallocated overhead expenses, which do not show up in the fiscal reports. It should also be noted, given that the participants are severely disadvantaged, that this $10,700 cost is not particularly high. The 1980 public cost for a Title VI slot is estimated at $11,300.

The $10,700 figure is of course an average; some programs' costs

are as low as $9,000 and others as high as $12,000. Most of these differences are related to the intensity of supervision, the kind of worksites operated, and the level of local grant resources generated compared with service project revenues. Most programs above the average have high costs because of local funding of and interest in worksites which are more expensive to operate. For example, one local program has a public subsidy cost of over $12,000 because the local community granted the program a combination of Community Development (CD) and CETA funds to do housing rehabilitation where it was most needed in the inner city. Construction worksites are always expensive, because of the unavoidable expenses incurred for equipment and supply costs; the grants also specified professionally qualified supervision, at a ratio of one supervisor to five supported workers. In this case, the program's high cost was justified, since it was not the result of poor or inefficient management but of the inevitable costs incurred by an operator of a high cost construction project, which had community backing.

Cost Per Participant

Allocation of Public Funds to Worker Wages. A major cause of higher than average public subsidy cost is often high attendance rates, which cause higher participant wages per participant year. Clearly costs should not be measured exclusively in such a way as to penalize the programs doing well in this regard. Therefore, the percentage of public funds directly applicable to worker wages and fringe benefits has been used as a supplement to the public subsidy measure.

The absolute minimum percentage for this measure should be between 55-60 percent. The current national average is about 66 percent; some

programs achieve as high as 80 percent. While performance may be somewhat low in the first three quarters of program implementation, it should improve to standard by the end of the first operating year.

The two cost measures discussed above are the major cost indicators for supported work. If they are running at or better than the specified goal, or have soundly justifiable reasons for being above the goal, the other subsidiary, more detailed cost indicators will, by definition, be met. Outlined below are the subsidiary cost indicators used to evaluate supported work programs and to help pinpoint particular program deficiencies. As these indicators can vary justifiably for a variety of reasons, an acceptable range is provided for each indicator.

Staff. This measure is obtained by calculating the percentage of management, administration and service staff costs of the total program expenses. All program staff, both central administrative and those who deliver services directly to the participants (e.g., counselors and job developers) should be included; only worksite supervisory staff are excluded. Goal: 13 to 18 percent of total costs.

Total Administrative Costs. This measure, total management costs as a percentage of total program costs, includes all those management staff cited above, plus office occupancy and equipment costs, insurance, bonding, auditing, legal, consultant, and travel expenses. Goal: 20 to 30 percent.

Worksite Supervision. Worksite supervisors' salaries and fringe benefits as a percentage of total expenses. Excessive trimming of costs should be guarded against in this area, to avoid an inadequate ratio of supervisors to participants. Goal: 7 to 14 percent.

Worksite Costs and Revenues. This measure is calculated as a ratio of worksite revenues earned to worksite costs incurred, for each individual worksite. While an aggregate ratio may be a useful indicator of how the program is doing overall, only a worksite-by-worksite breakdown will expose those worksites whose costs are entirely out of line with revenues. As with the public subsidy cost, there may be some few worksites whose programmatic merits outweigh this cost measure. Revenues include all service project revenues; the costs include all worksite-related expenses (e.g., supervisory salaries and fringe benefits, technical consultants, ancillary services, transportation, equipment and materials), excepting participant wages and fringe benefits. The rationale for excluding worker wages from this measure is that these costs are reimbursed by the local CETA grants. The goal is to cover at least 100 percent of a worksite's costs with the revenues earned.

Attendance

Two different measures of attendance performance have been used in the supported work demonstration: the first, pertaining to attendance at the worksite, the second, an overall attendance rate. Worksite attendance (time spent actually working on the job divided by total potential paid time) shows the actual work time. The overall rate excludes "known," or scheduled, absences from the potential paid time and then total time present is divided by this discounted potential paid time; this formula yields a truer picture of the overall attendance patterns of the supported workers. If both rates are available, the difference between the two shows time spent in ancillary services.

In contrast with most of the performance criteria listed above,

attendance performance can and should be up to goal virtually immedi-
ately. Worksite attendance should be above 75 percent, unless consi-
derable ancillary service time is recorded for the same period. (An-
cillary service time averaged less than 5 percent at most of the sites.)
The overall attendance rate should be 85 percent. As with placement,
better performance can be expected of the AFDC participants than the
other target groups; youths have the least good performance.

Attendance is one of the earliest and most sensitive indicators of
the program's participant-related performance. As such, it should be
monitored closely by the program management staff and used as an early
warning signal for potential worksite problems. When the attendance rate
drops, the best course of action is to scrutinize the attendance data by
worksite and/or crew to locate the problem area. Once this area is
established, management staff will have to assess whether the problem is
being caused by the type of work, the supervisor, the equipment available
(or lack thereof), or the crew itself. (For a fuller discussion of these
issues, refer to Chapter III.)

Enrollment Level

The supported work programs use both slot level and "person year"
goals. The overall enrollment level is a straightforward accounting of
the number of slots in the program. The person-year figure is a measure
of the maintenance of active slots over a 12 month period; several
different participants will fill the actual slot during that period, as
the average length of stay for supported workers is just over six months.
If the program's enrollment level is quite stable during the year, the
two measures will be very close. During a period of expansion or con-

traction, however, they will differ. The number of person-years is obtained by dividing the sum of the average number of workers in each month of the year by 12. If a program employs an average of 30 workers in the first three months, 50 in the second three, 65 in the third and 80 in the fourth, for example, the sum of the average number of workers for the year is 675. When divided by 12, the result is 56 person-years. To obtain person-years for less than a year, the average figure should still be divided by 12. The person-year figure is used primarily for the calculation of the public subsidy cost, discussed above.

Appropriate program size cannot be prescribed in the same manner as the other goals discussed above, because it is so dependent upon local conditions. Each program will have to maintain a balance between: the amount of funding available; the number of eligible participants it is able to recruit from the community; the staffing and management structure that has been established; and the type and number of worksites that can be developed.

Currently, the average program size is about 100 to 110 participants. At the end of the first operating year, the expansion sites' size was just under 85 supported workers. They reached this size in quarterly increments: 30-35 in the first, 55-60 in the second, and 75-80 in the third, on the average. The average person-years worked at the expansion sites that year was about 60 to 65.

Worksite Quality

Of chief importance, in addition to the quantitative goals discussed above, is the maintenance of quality worksites for the supported workers. The best way to monitor and manage this crucial aspect of the program is

for top management, including the program director, to make frequent unscheduled worksite visits. No program is so reliably good that such a technique is unnecessary. The best strategies for effective and efficient worksite monitoring are discussed in detail in the worksites chapter.

* * *

The performance criteria and goals outlined in this chapter are by no means exhaustive. Each program will have to construct some criteria of its own, either for internal purposes, or because of the demands made by various local funding agencies. The goals should be reasonable, but demanding. Even more important, however, is that the evaluation of performance against all of the goals be realistic. Ready acceptance of the many available excuses and explanations will not, in the long run, serve the program well.

STATEMENT OF SCOPE OF WORK

(Performance Indicators)

Contractor agrees to implement the supported work program described in Exhibit I as modified and clarified by the following paragraphs and attachments:

1. Contractor agrees to establish during the contract period an average of 80 active supported work positions, using its best efforts to establish such positions in accordance with the employment level schedule attached hereto as Exhibit II(a). On average 30 of these shall be filled by AFDC, 15 by ex-addicts, 20 by ex-offenders and 15 by recovering alcoholics.

2. Contractor agrees not to exceed at any time during this Agreement, 90 active supported worker positions without the approval of MDRC. Contractor also understands that it may not exceed the maximum approved level for any specific target group, excepting the AFDC target group, as specified in Exhibit II(a), without the consent of MDRC.

3. All supported workers shall meet the criteria for eligibility attached hereto as Exhibit II(b). Contractor agrees that no changes in eligibility criteria will be implemented without prior approval by MDRC.

4. (a) Contractor agrees to implement the wage and bonus policy described in Exhibit II(c) and will implement no variation therefrom without the prior written approval of MDRC. Crew chiefs will receive hourly wages at a rate of no more than 10% above that of crew members.

(b) Contractor agrees that all program participants will be paid their wages and bonuses directly by the Contractor, and will be subject only to the wage, bonus, personnel and other program policies of the Contractor. Any exceptions must be agreed to in writing by MDRC.

5. (a) As of the date of this contract MDRC has approved the following worksites at the specified range of supported workers:

Parkway Maintenance	8-12
Atlantic County Bldg. Maintenance	12-17
Atlantic City Medical Center	2-4
F.A.A. Tech. Center Landscape/ Maintenance	3-5
SWP security, clerical and maintenance	5-7
Silkscreening	4-6
Atlantic City Bd. of Ed. Maintenance	5-7
Atlantic City Bd. of Ed. Clerical	6-9
Seashore Gardens	8-9
Temporary Clerical Service	10-13
Unassigned	3-4

(b)   The Contractor shall, before implementing any new work-site, submit to MDRC a written statement describing in detail the work tasks of such worksite, its conformance to MDRC worksite guidelines, projected monthly manning levels for the duration of the worksite, and a worksite budget. Written consent from MDRC must be obtained before implementation of any new worksite. Written consent from MDRC must also be obtained before the number of supported workers at an existing approved worksite is increased or decreased.

6.   Contractor agrees to implement the ancillary service policy described in Exhibit II(d). Any variation from that policy requires the prior written approval of MDRC.

7.   (a) Contractor understands and agrees that supported workers' successful transition to and maintenance of unsubsidized jobs is the primary goal of supported work. Contractor agrees to use its best efforts to ensure that 40% of all supported workers who terminate from the program for any reason shall be placed in non-subsidized employment.

(b)   Contractor agrees (1) to terminate the employment of any participant who has completed 2,000 hours of paid employment and (2) that no participant will be permitted to remain in the program beyond the 15th month from the date of hiring.

8.   Contractor agrees to use its best efforts to ensure that AFDC and ex-addicts shall have an attendance rate of at least 85% of total scheduled time, recovering alcoholics a rate of at least 90%, and ex-offenders a rate of at least 86%; for each target group, a minimum of 75% of that attendance shall be spent at the worksites.

9.   Contractor agrees that Exhibit II(e) attached hereto represents its total management staff and salaries for the supported work program. Any staff additions require the prior written approval of MDRC.

10.   Contractor agrees that Exhibit II(f) attached hereto represents its total supervisory staff and salaries for the supported work program. Any staff additions require the prior written approval of MDRC.

11.   Contractor agrees to use its best efforts to ensure that:

(a)   the cost of maintaining an active supported work slot for 12 months shall not exceed $10,625 in public funds.

(b)   the cost per supported work participant, at an average length of stay of 7.3 months, shall not exceed $6,464 in public funds;

(c)   the MDRC grant shall not exceed 36% of total program expenses; and

(d)   at least 59% of all public funds expended shall go toward supported worker wages, fringe benefits and bonuses.

12.   Contractor agrees to notify MDRC of its intention to sell any real and/or personal property intended for supported work program use, to receive MDRC permission for such sale, and to inform MDRC of the proceeds received from such sales. MDRC reserves the right to direct the allocation of the proceeds from the sale, or to reduce the MDRC payment for the Contractor's services by an amount equal to the proceeds.

13.   Contractor agrees to submit, within 30 days of the end of each contract quarter with the sole exception of the final quarter, a report on actual performance vis-a-vis each of the standards detailed above in Paragraphs 1, 2, 5(a) and (b), 7(a), 8 and 11(a), (c) and (d) for the previous quarter. Further, for each performance standard that is not substantially met or exceeded, Contractor must submit a plan of corrective measures to be taken in order to achieve the standard(s) by the end of the next quarter. MDRC reserves the right to initiate corrective action if Contractor does not propose corrective measures likely, in MDRC's judgment, to bring performance into conformance with the above standards.

> The National Experience — The kind of subcontract arrangement with the customer which eliminates cash flow problems, materials cost and know-how needs, and a marketing effort has been used as a model in other kinds of supported work endeavors elsewhere. There have been a few attempts at setting up sewing operations elsewhere but not successfully.

Product/Service - Pallet Recycling   Crew size 6 - 8 swers

Description of Services — Using broken pallets as the prime source of materials, workers turn out rebuilt pallets for the resale market.

Skill levels — Basically unskilled work but it helps to be physically strong and have some manual dexterity. Workers learn some measuring skills, do hand assembly and learn to operate such equipment as nail guns, a skill saw, a machine called the un-nailer and a chamfering machine. Fork lift operation is also learned by some of the workers.

Markets — This project was started only after some firm commitments for orders were made in writing by a few prime customers. A large regional food service chain, the manufacturer of a well known nationally distributed care cleaner and a local soft drink company are now the major customers. A continuing marketing effort is ongoing to develop a more diverse group of customers.

Contracts and fees — The food service chain signed a written agreement to send two trailer-truck loads of broken pallets per week to the recycling shop. In return, an agreed-upon number of recycled pallets are shipped back at a fixed price. The fixed price is a little below the going local market price for new pallets. Other companies donate broken pallets for tax write-offs and purchase recycled pallets at a fixed price.

Facility — About a 4,000 square foot plant is needed for this business. There should be good docking facilities for trailer trucks and adequate electrical wiring for operating the compressor and all of the equipment.

Equipment needs — Five nail guns, a compressor, an un-nailer, a skill saw and a fork lift are needed.

Tools needs — Basic hand tools including hammers, saws and rulers are used.

Materials — Broken pallets, some new lumber for deck boards and stringers, and nails are the main staple supplies needed. --

Transportation — This plant uses three rented trailers and a used tractor for delivery and pickup. Trailers are left at prime customer premises until they get filled with broken pallets.

Licensing and Insurance — No licensing is required. Basic liability, accident, fire and theft for plant and vehicles are necessary. Local laws determine the need for special licenses for tractor-trailer drivers. A certificate of occupation for the building allowing this type of use is of course a must.

Management and supervision — There is one full-time manager-supervisor and a part-time marketing person. The manager-supervisor has experience in running a pallet manufacturing business.

Potential and/or real problems — Customers expect quick turnaround time when they place orders. The market price for pallets fluctuates, and pricing is very competitive. Because much of the lumber comes from the broken pallets, cash flow and price fluctuations of lumber are not the problems they would be for a new pallet manufacturer. Teaching workers safety and requiring them to use goggles, helmets, gloves and safety shoes requires strong management reinforcement.

Transition — Placements in this large industrial city have been good with private pallet making companies. Experienced workers are in demand. There is also the possibility of small spin-off businesses.

Pluses — This business can be a really good revenue producer. Productivity is easy to measure, and the necessary skills are easily developed. The workers seem to like the work and enjoy turning out a finished product that is sold immediately.

Product/Service — Ramp Construction	Crew size 6 - 10 swers

Description of Services — Building wheelchair ramps for handicapped individuals to allow freedom of movement to and from the residence.

Skill levels — Basically unskilled work; grading; form-setting; pouring concrete and/or nailing pre-cut boards to form structure. Training can be provided by the supervisor who should have some knowledge of the construction trade.

Markets — Disabled citizens confined to wheelchairs; local housing authorities; park departments; public institutions; private corporations; etc.

Contract and Fees — Individual contracts for a specific ramp design in a defined area. Labor plus materials. Cost can be negotiated for the individual through organizations such as the Veterans Administration, Kiwanis Club, Easter Seals Society, Multiple Sclerosis and the Cerebral Palsy Association.

Facility needs — A secure storage area for tools, equipment and
     materials.

Equipment needs — Means of transferring tools and materials to work-
     sites.

Tool needs — Picks and shovels; wheelbarrows; roller; hand tools
     used in finishing concrete and hand tools needed for wooden form
     construction.

Materials — 2x4 and 2x6 lumber; concrete; filldirt and reinforcement
     rods.

Transportation — Mobile crews require a van to transport workers and
     tools. A small truck would be useful in transporting equipment and
     materials.

Licensing and Insurance — Both needed for vehicles. Local laws would
     determine license needs for small contractor, however, licensing is
     generally not required. Building permits and liability insurance
     are necessary.

Management and supervision — A supervisor for each crew. A project
     manager if there are three or more crews. Supervisor should have
     experience in construction areas dealing with concrete/cement
     finishing and form-setting.

Potential and/or real problems — Seasonal work (unless in warm cli-
     mate); rainy day work; quality control of work performed and
     customer relations.

Transition possibilities — Large or small construction contractor
     as laborers.

Pluses — Low skill requirements, appropriate for both youth and adult
     target groups; low capital investment; produces highly visible
     results and meets double social utility goals.

Some of the National Experiences — Thus far ramp building has
     not been replicated in other locations.

Product/Service - Storm Window Production   Crew size 6 - 10 swers

Description of Product — Produce aluminum double tract storm windows.
     Work performed includes fabrication and assembly of windows cut to
     size; use of table saws, drills and routers. Workers also handle
     inventory, packaging, recordkeeping and documentation for billing.

Skill levels — The cutting and assembly of windows require manual dexterity and good hand and eye coordination. Some workers will need low math and measuring skills and training in cutting glass and aluminum.

Markets — This project component was started only after a number of firm commitments were received for on-going orders. A number of community based weatherization programs are current customers. A regional department chain indicated interest in marketing the product. A continuing marketing effort is ongoing to develop a more diverse group of customers.

Contracts and fees — Community based organizations and the CETA Weatherization Programs have agreed to purchase needed storm windows for installation to low income homes. The fixed price (based on size) of the window is below the going local market price.

Facility — 3,000 – 4,000 square feet of plant space is needed. There should be good loading dock facilities for trailor unloading the needed extruded aluminum. There should be adequate electrical wiring for operating the table saws and drills.

Equipment needs — Table saw; drill press; glass cutting machine; latch and corner punch; glass mold punch; milling machine, and cutting unit.

Tool needs — Basic hand tools including hammers and rulers.

Materials — Extruded aluminum, sheets of glass and screening.

Transportation — Van to deliver finished windows to customers.

Licensing and insurance — No licensing is required. Basic liability, accident, fire and theft for plant and vehicles are necessary.

Management and supervision — One full time supervisor is needed. This supervisor should be experienced in assembly operations of this type. There should also be a marketing person available to the component.

Potential and/or real problems — Customers require quick turnaround on orders. Glass, screening and extruded aluminum prices fluctuate which will result in continuous price adjustments. Cash flow may become problematic. Teaching workers safety and requiring them to use goggles and gloves requires strong supervisor reinforcement. Quality control of work performed and customer relations.

Transition possibilities — Workers who develop skills doing this sort of demanding task should be appropriate for a variety of entry level jobs in the private sector.

<u>Pluses</u> – Both youth and adults can be instructed in the assembly
process. Work is accomplished in-house which minimizes control
problems. Capital investment is relatively low while results are
highly visible.

<u>Some of the National Experience</u> – Fabrication of storm windows with
wood products proved unsuccessful. The development of a close
working relationship with the CAP/CETA or other weatherization
program customers is important. Can be a good income producer.

Product/Service – Arrangement/Packaging of Dried Flowers	Crew size 6 – 12 swers

<u>Description of services</u> – Includes the cleaning, peeling, glueing,
bunching, arranging, and wrapping of dried flower arrangements.
Also, the painting of clay pots, vessels, etc.

<u>Skill levels</u> – This is basically unskilled work but requires some
degree of manual dexterity. Visual, spatial, and artistic talents
are useful and developed.

<u>Markets</u> – This is work done on a contract basis for large dried flower
companies.

<u>Contracts & fees</u> – Contracts are usually on a piece-rate basis which
varies by job after time-study analysis with the customer. Billing
follows the completion of jobs.

<u>Facility needs</u> – Both work and storage space are required. Work space
is an open area with adequate lighting and comfortable temperature.
Storage space must be sufficient to house both raw materials and the
finished product.

<u>Equipment, tools, and material needs</u> – Are minimal and usually supplied
by the customer based on job requirements. Consist of staplers,
picking machines, hot plates, waxes, glues, wire, dried plants,
vases, pots, containers. Work tables and chairs are supplied by the
program.

<u>Management & supervision</u> – A full-time supervisor is ample for a crew
of 12 workers and is responsible for managing the work place,
training workers, and negotiating with the customers. Must have
supervisory experience in a production/assembly setting. Knowledge
of the dried flower industry is helpful.

Potential and/or real problems — A potential problem with all sub-contracting work tied to a sole customer is the down-time between jobs and/or the lack of sufficient amounts of work during the slow season (November to April). However, these problems can be solved through availability of work for other customers or the alteration of crew sizes.

Transitional possibilities — For workers who are interested in related jobs, the site offers some potential as an employment pool for the contracting customer and for area greenhouses. Generally, the site provides good work experience in an assembly setting more than any particular skill development.

The National Experience — The site offers a combination of advantages: little, if any, capital expenses; an industrial/assembly-line setting; and reasonable generation of revenues. The site often serves as the "initial entry" worksite for incoming workers until further assessment and assignment occurs since stress and production demands are easily controlled while work habits and discipline receive concentration.

Product/Service – Clerical Services   Crew size 3 – 10 swers

Description of services — Perform general and specific clerical services including typing, filing, telephone and personal reception, record-keeping, and other office activities.

Skill levels — Requires both basic education training (reading, math, spelling, vocabulary) and specific training (typing, file maintenance, operating office machines, etc.). Training can be performed by the supervisor in-house or by a contracted agency (vocational school, business school, etc.). Training can be conducted within an eight-week period if provided on a daily basis, and precedes the provision of services to customers with further training provided on-the-job.

Markets — A broad range of private and public agencies and especially those which experience seasonal demands for greater numbers of clerical workers (tax services agencies, mail order houses, catalog distributors, etc.).

Contracts & fees — Usually a payment equal to an hourly amount for each worker ranging between the federal minimum wage and the customer's starting wage for similar positions. Best type of contract also includes an amount to partially offset worker fringe, training, supervisory expenses. Billing is usually on a weekly basis based on total hours worked at the customer's site.

Facility needs - A large classroom setting equipped with office
    machines for training purposes. One or two offices for supervisor/
    training/marketing personnel.

Equipment - Typewriters and stands, dictation equipment, 10-key calcu-
    lators, file cabinets, desks, chairs. More sophisticated classrooms
    will include mag-card machines, etc.

Materials & supplies - General clerical supplies for workers and
    equipment.

Management & supervision - Demands for staff are greatest in the areas
    of worker training and marketing/customer relations. Depending on
    the number of crews in training or outstationed and whether training
    is provided in-house or by contract, one person may perform all
    training, management, and marketing functions, or additional persons
    for the training activity may be required. Supervision of out-
    stationed workers is provided by the customer and usually with the
    help of a lead-worker or crew chief. Trainers must have experience
    which is usually from a vocational or high school setting. Manager
    must have knowledge/experience in sales, contracting, office pro-
    cedures and personnel marketing.

Potential and/or real problems - Scheduling contracts with customers
    to coincide with completion of worker training or as other con-
    tracts terminate is the most common and persistent problem. Many
    customers require sizeable crews for only 6-15 weeek periods of
    time. Customer relations can become a problem if clear understand-
    ing of program or customer obligations does not exist before start
    of work. Providing back-up workers for absentees may also be
    difficult. Outstationing of a worker before adequate training
    presents problems for the worker, customer, and the program.

Transitional possibilities - Are very good in most situations because
    of roll-over potential into regular and full-time customer jobs and
    because of the sheer number of clerical and office positions in most
    communities. Placement is very favorable with workers who become
    skilled at the customer's site with special equipment (data entry,
    work processing, and business machines).

The National Experience - In addition to the very good transition
    potential for workers, the worksite advantages include the location
    of customers and generation of worksite revenue with relative ease
    and low overhead costs compared with many other sites. The site
    has been especially attractive to the AFDC target group. It offers
    the project an opportunity for direct involvement with and services
    to the private sector. The site has operated and in a successful
    manner at a few of the project sites.

Product/Service — Furniture Manufacturing   Crew size 6 - 8 swers

Description of service   —   Cut and assemble wood, formica, plastic, plexiglass and other materials into already designed furniture items for wholesale and retail distribution.

Skill levels   —   Semi-skilled work eventually progressing under apprenticeship arrangements into skilled. Training by an experienced carpenter is essential along with continuous practical experience manufacturing products.

Markets   —   Wholesale furniture distributors, retail stores and direct to customers.

Contracts and fees   —   Usually a fixed fee contract based on a specified number of items produced in a designated period (e.g., 5 Parson tables per week for 10 months) using the designs of the customer for large volume orders. Individual job orders also taken for customized items -- but as a small percentage of total work done by the crew. Best type of contract is for labor plus materials. Assembly-line operations may lower costs and improve efficiency, as well as breaking up tasks into easy elements.

Facility needs   —   Shop should be spacious, well lit with a good ventilation system (OSHA requirements will prevail in any case). Good electrical and air compression system as well as good exhaust fans when sanding and painting. Wide access doors to facilitate deliveries of supplies and completed orders. Tail-gate loading platform would be preferable.

Equipment needs   —   worktables, mounted circular saws, drills, well-ventilated booths for glueing, painting and sanding.

Tool needs   —   Hammers, hand saws, planes and other carpentry tools.

Materials   —   Wood, plastic, veneers, paint, varnishes, sandpaper, etc., all materials set forth by the specifications for the product.

Transportation   —   Vans and/or pick-up trucks suitable for delivery of completed items and to transport necessary materials.

Licensing and insurance   —   Both, for vehicles. Liability insurance would not be required.

Management and supervision   —   A full-time supervisor with extensive knowledge of carpentry skills. Supervisor, or someone on staff, should be able to do cost-estimates of products and determine if the manufacturing of the item is cost effective for the program.

<u>Potential and/or real problems</u>   –   Materials are usually expensive and
     prone to damage or theft.   Unsupervised, some of the tools and
     equipment could be dangerous.   Safety rules should be taught initi-
     ally and enforced rigidly.

<u>Transition possibilities</u>   –   While opportunities to join a trade union
     are rare, the possibility does exist.   Non-union construction firms
     and small manufacturing companies may be more willing to hire a
     graduate from this training.

<u>Some of the National Experiences</u>   –   A good work experience where swers
     can see the results of their efforts quickly.   Learned skills are
     transferable to small private firms.   Large orders for simple,
     easily manufactured items provide the most cost effective return
     for the program. Customized items, while more expensive and time-
     consuming, are interesting but should be a small portion of the
     total volume of work.

IV. PLACEMENT

Ultimately, the point of supported work is to bring about the transition from dependence to independence, and the most readily comprehensible measure of the program's success in achieving that end is placement: the placement of a supported worker in a permanent, non-subsidized job. But one of the earliest and clearest lessons to emerge from the demonstration was one of its most important: that placement could not be treated as merely the point in the end -- the pot of gold at the end of some proverbial rainbow -- but had to be the point from the very start.

That lesson was learned the hardest way, by experience. The original demonstration sites, focused as they were on the many complexities of starting up a new program, often delayed or neglected laying careful groundwork for placement because other needs seemed more pressing. The consequence of this delay was a disappointing paucity of supported workers moving on to regular employment. As soon as program operators became aware of the problem and began to pay attention to it, the number of supported workers moving from the program into jobs began to increase. It should not be necessary for a new supported work program to experience these delays. Sites in New Jersey and Wisconsin entering the demonstration during its third year quickly attained placement rates comparable to the other sites.

Although the placement rates shown in Table IV-1 are not particularly high in terms of absolute numbers, the research shows that, at

TABLE IV-1

POSITIVE PLACEMENT RATES FOR SEPTEMBER 1981
BY TARGET GROUP

	# OF PLACEMENTS	RATE %
AFDC	537	45.3
EX-OFFENDER	360	41.3
EX-ADDICTS	108	38.8
YOUTH	254	48.6
OTHER	163	42.8
ALL	1422	43.9

least for the AFDC and ex-addict populations, there is a cost/benefit savings to society to be gained from the transition to employment. However, a word of warning must be issued. It is extremely important that program operators not keep pushing for ever higher placement rates at the expense of program principles. It is not just the immediate percentages that matter, but also the longer-term effects: the post-program wages and the kinds of jobs. If participants are hustled through the program into low-skill dead-end jobs, they will be more likely to revert to their pre-program status, and the savings will be lost. That is clearly not the point of supported work.

A local program must have a job development, readiness and placement strategy that is an integral part of the overall program, and that is in full operation months before the first participants are due to graduate. There are many ways to design a placement strategy, but at most programs, job development, readiness and placement have been handled by one person. Often, however, the job could be shared by two people, one to teach job readiness classes and one to move out into the community in search of job openings.

However the tasks are divided, there are three basic methods of job development:

- The hard-sell method, with job developer(s) either calling up potential employers and convincing them that certain job-ready supported workers would make good employees or following up classified ads on behalf of future graduates;

- The client-centered method, which focuses on shoring up the supported worker with counseling, job readiness classes, Life Skills or job clubs;

- The rollover mechanism by which the supported worker is hired by the employer who has served as his or her worksite host.

Since the skills and needs of supported workers vary in terms of job-seeking, a program should try to develop some capacity in each of these areas. Choices of the proportion -- the relative weights -- of techniques, however, depend upon such variables as the local economy and the philosophy of the program director concerning how much the program does for the worker and how much that worker must do on his or her own behalf.

The Hard-Sell Technique

The job developer who uses the cold canvass/hard-sell method serves, in effect, as a salesperson for the program. In fact, the two job developers at the program with the highest placement rates in the demonstration were former salesmen rather than social programmers as is often the case. There are, of course, many ways to go about this process, but certain elements are fairly basic.

A job developer first has to identify the sources of employment in the area, and one effective way to do this is to go through directories such as those put out by either the local Chamber of Commerce, the wholesaler's and manufacturer's association or the Bureau of Labor Statistics. These directories usually list businesses in the area, number of employees, location, product, and who to contact.

The job developer should constantly expand a list of potential employers, as well as maintain contact with employers already on it. Some job developers find that logs help to keep track of the details of each contact and some sort of tickler file helps to keep contacts current. If, for instance, the employer indicates interest, but has no openings at the moment, the job developers should always press for a likely time to

call again, and then be certain to do it. Most have also found it helpful to index the employers either by geographic area or by type or size of business, as well as categorize them according to apparent level of interest. Such a job bank should contain as many employers as the job developer can contact on a regular, frequent basis. The programs where job placement has been most successful make several face-to-face contacts with potential employers each week; job developers also do extensive telephone and/or correspondence follow-up. It must be remembered that supported work competes with several other programs in placing its graduates. While the job developer should not be so persistent as to be annoying, it should be clear that he or she is not going to disappear easily.

Any resources available should be used in developing a job bank, including former business associates and contacts of program staff members, advertisements or word of mouth.

To give an example of how the process can work, one job developer went through the directories mentioned earlier, but contacted only companies employing 100 or more. He preferred manufacturers over whole-salers because they have yearly employment needs, offer a high salary and job security. He kept a card on every company he contacted with the date of each call and a rating system to gauge the company's response (1 = wants to hire graduates; 2 = definite possibilities; 3 = forget it). He tried to make an appointment for some time in the immediate future, but if they put him off, he took them at their word: if they said try again in two weeks, he did exactly that.

On the management side, most of the programs hold an occasional open

house for potential employers during which there are tours of worksites, audiovisual presentations and detailed explanations of the nature and purpose of supported work. Similar presentations can be made at various local business organizations and service clubs. If the program can get its board of directors to lend their names as hosts or to bring business associates to such gatherings, so much the better.

Whatever the form of contact with prospective employers, the job developer must serve as an advocate for the program, the supported workers, and their potential as employees. But this advocacy must be carried off in a business-like manner. The job developer should explain the advantages of hiring a graduating supported worker, and should have the details of the participant's record at hand. Such individualized knowledge is impressive to employers, and makes them feel they are hiring a job-ready person rather than a "program graduate." The job developer can point out that the supported workers' tenure and performance record in the program certify a dependability and experience that a walk-in applicant or a referral from a quick-study employment agency often cannot supply. But in order for the program's backing of these credentials to carry any weight, the job developer, like the supported workers, must respond to the difficult questions with candid and straightforward answers.

It is a tedious, time-consuming and demanding job. The job developer must be practical and industrious, organized yet flexible. A job developer must be thick-skinned enough to accept a high proportion of rejections (not all of them courteous) yet sensitive enough to deal with the supported workers at a time when they might be feeling particularly

insecure.   A delicate balance must be maintained, and this requires someone capable of speaking the language of business as well as the language of the street, who should relate to both supported workers and potential employers in such a way that both parties regard him or her as an intermediary.

Client-Centered Techniques

The other half of the job developer's job -- or that part assigned to a second person -- concerns the more client-centered aspects of placement, that is, getting the supported workers ready to apply for, get, and keep the jobs they have been preparing for.

Most of the client-centered elements of job development come under the headings of job readiness or career exploration.   They are, in a sense, lessons in How To Get A Job.   Some of these programs are designed by the job developers, and others are fairly extensive packages pro-grammed for use under a variety of circumstances.

These programs generally utilize group processes, role-playing, work manuals and videotaped sessions.   Included in the price of the package is training for the counselor-teacher who runs the sessions.   Its purpose is to teach supported workers how to cope in the outside world, for instance, how to respond to questions like "Do you have a record?" with a direct answer that is truthful but does not offer more information than was asked for.   In other words, the answer to the above question is "Yes," not "I did five years for breaking and entering."   Not all the programs would favor this approach, but using a pre-packaged course such as this requires the acceptance of the philosophy of the packagers.

In general, whether a program uses a package such as Life-Skills or

not, there are job-readiness preparation clinics or courses for those participants assessed as job-ready. These vary a good deal in size, duration, complexity, formality and scope. Topics generally include how to fill out application forms, how to go about obtaining interviews, and how to present oneself once there. Those programs that involve the participants seem to have the greatest success. Actual practice in filling out applications or responding to an interviewer is usually more helpful than listening to a lecture on the kind of information or answers one will have to have.

In one program where the clinic concept is used more extensively and most successfully, the sessions address many issues. One observer of these sessions described them as "a combination of group therapy and self-improvement exercises" that also teach basic job-search skills. The classes meet regularly one morning each week for six months.

A job developer is always working on the self-esteem of the workers; this is treated as an essential part of preparing for and finding a job. The workers are taught that the basics they have learned -- appearance, a good resume, a neat and accurate application, securing an interview -- all are useless if they are unable to convince the interviewer that they are ready for a job. So every week they are given a new application to fill out; each week the filling out takes less time, with fewer errors, and contains more appropriate information. Individual sessions deal with budgeting expenses, preparing resumes, contacting employers and how to follow up. But equal time is spent on self-analysis, role-playing, mock interviews and discussions emphasizing the advantages the graduating supported workers bring to a job as compared to any applicant off the

street. Toward the end of the clinic, videotape is used by some programs to allow participants to see how they look to an interviewer. Finally, former supported workers who have successfully transitioned to unsubsidized jobs are brought in to join in these discussions and to answer questions about their experiences after leaving the program. Several program operators feel that these visits are as useful for the alumni as for the current workers.

One of the demonstration programs that had experienced persistent placement problems, instituted a service called a Program Center. When a person was identified as "being in risk of termination" he or she was sent to the Program Center for pre-termination services: job counseling, job search, application or resume writing, answering employment ads, telephoning to set up interviews and actual interviews. In other words, the full gamut of those services usually offered a job-ready participant, but at an earlier point in the participant's development. They are also given one-to-one counseling and close supervision. One of two results usually occurred: either the supported worker was successful in finding employment through the job search effort, or the supported worker, confronted with the difficulty of finding a job, saw the program in a different light and went back to his or her crew.

Another approach to this phase of placement is called job club. When used correctly, job club can be a very effective tool. Following a period of job readiness training and orientation, participants are brought together -- often literally around a table -- with 10-12 telephones, enough telephone directories -- and sometimes want ads -- to go around, and a counselor to oversee, teach and evaluate the participants

as they make calls seeking interviews for the job openings listed in the ads. One theory has it that having to line up their own interviews is a good experience for the supported workers and makes those interviews -- and the process they represent -- more meaningful. A drawback to this process is that participants can make call after call without turning up a single prospect, and jobs are often filled by word of mouth before they appear in the paper, and this can be discouraging. However the peer support offered by the group setting is very important. It is crucial, therefore, that the job developer keep calling companies in pursuit of appropriate openings: one or two entry-level positions in a large company may not warrant an ad in the paper, but would be a major find for a supported work job developer.

Some governmental agencies have viewed job clubs as the initial step in the job-search process. Several supported work program operators tried this, but found that simply taking people who have either been out of the labor market for an extended time, or have never worked, and giving them what in effect is a high-pressure push into a job, doesn't have very impressive long-term results. What does work, is to use this method following a successful work experience: once people have become stabilized, with supports, on a job, constructive pressure is applied via the job club to move them away from the supports.

Whether for job club where the supported worker will make the eventual call, or as part of regular placement services, when the contacts with the employers take the form of specific inquiries for job openings, the job developer should first try to find out the employer's needs rather than pressing a specific supported worker right away. As

much information as possible about the available position should be learned, including starting wage, job description, qualifications necessary, probationary period (if any), fringe benefits, company policies, vacation and sick time and potential for mobility and wage increases over time. This information will help the applicants in a number of ways. First, the more they know, the more likely they are to be sufficiently interested in applying at all; second, they may be more secure in the interview knowing some of this information in advance; and third, unfortunately, it is sometimes needed as a protection. A number of the programs report that when the supported worker appears for the interview, the interviewer offers a lower wage or fewer benefits than those quoted to the job developer. Similarly, the pressure on a prospective employer can be eased somewhat by sending several candidates to choose from so that the employer does not feel forced to select a specific applicant; this increases the likelihood that someone will be hired.

Program job developers stress the importance of making a good impression on new employer contacts. They try to send their outstanding candidates, particularly if that employer is likely to have subsequent openings appropriate for supported workers. And when an opening is found, they try to get applicants to that potential employer immediately. This quick turnaround, with good applicants, is the kind of program action that fosters repeat placements with a company.

Over the years, supported work programs have tried other techniques to increase placement rates, some more effective than others. Some programs have offered bonuses to graduating workers, an amount of money to be awarded upon securing a job and a further amount after time --

usually 60 or 90 days -- awarded for keeping the job. As an incentive, program operators generally found that the bonus did not make much difference. It did, however, provide a means for follow-up; a worker had to show periodic paycheck stubs in order to receive his or her bonus. This turned out to be a fairly effective way of keeping up-to-date records on program graduates, salary levels, and place of employment. In order to shift both the responsibility and the motivation away from the job developer and to encourage the idea that all program staff are accountable for placements, another program has recently implemented a system in which supervisors are awarded monetary bonus credits for the positive placement of workers under their supervision, and debits for negative departures. At this writing, it is too soon to tell whether this has had an effect.

Other programs subcontracted placement to outside agencies, public, private or profit-making. This was not a very reliable method primarily because the outside agencies were simply not advocates for supported work's population. One important lesson, though, was that no matter what the agency, the contract should be signed on a fee for placement basis (and that fee should be reduced for the supported workers) or else it could become an expense to the program with no purpose or result.

Rollover

The third method of job development and placement is known as rollover: supported workers, although remaining on the program payroll, are placed on a worksite -- either singly or in a crew -- in an outside firm or agency; after attaining a level of performance on the job accep-table to the worksite host, those supported workers are hired (rolled

over) and placed on the permanent payroll of the firm or agency. A contract sets the terms of reimbursement for the program and, if possible, mandates the rollover of the participant when certain requirements are fulfilled. It is an effective mechanism, but one that can be somewhat tricky to implement.

The foremost consideration in using rollover as a placement tool is creating a situation in which the program participant -- even though outstationed -- remains a program participant, that is, can still receive the peer support, graduated stress and close supervision that make up the supported work treatment. If these elements are not provided, there would be no difference between this and a PSE outstation job. These differences must be very clear.

With experience in using the rollover mechanism came improvements in the delivery of the basic services and eventually, several replicable models. One program devised a mechanism in which five or so supported workers were assigned to a place of business -- public or private -- either sprinkled individually throughout the company or working together as a crew. With them at the worksite is a supervisor, and it is this last element that makes the difference. The supported work supervisor takes the pressure off the host supervisor by defining duties, setting both goals and limits, heading off trouble before it gets out of hand, giving feedback and clear and consistent instructions. In other words, the program supervisor is responsible for providing a supported work experience to the participants while guaranteeing a level of quality control to the host. In addition, the supervisor brings together the workers for regular crew meetings where experiences are shared and

grievances aired. These meetings serve as an arena for the peer support that is one of the program's basic elements.

As the work demands are increased and the supported workers begin to perform at a level equal to the company's regular employees, they are considered for openings on the company's payroll. Rollover gives both parties a chance to try each other out. Experience has shown that, in fact, because the prospective employee is familiar with the company and vice versa, this is a far safer bet than hiring someone "off the street."

This mechanism is particularly successful with the AFDC group. AFDC women have by far the highest number of mandatory graduations[1] in the program, and rollover presents a near-perfect fit with their need for protection against the unknown.

Another rollover model used by some programs is to use gradations of worksites to bring about the graduated stress element of the program, starting with crew work on the program's premises or some central location in the beginning, and leading to a single (non-crew) assignment to an outstationed worksite for the express purpose of rolling the participant over into a permanent position.

Programs have to have a variety of worksites anyway, so this can be accomplished in several ways. One program had a contract with a city-wide day-care agency where a supported work crew began first at the main day-care center and then, after five or six months, depending on the needs of individual crew members, the participants were placed -- still

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[1] Mandatory graduation occurs when a participant has stayed in the program for the maximum allowable time but does not yet have a permanent job. Participants must leave the program at this time, and many do find jobs shortly thereafter.

as supported workers -- individually at one of the agency's satellite centers. There they were brought up to the performance level of the center's regular employees and eventually, as openings occurred, hired.

Placement, then, no matter what technique is used to accomplish it, is the point of supported work, and the clearest way to measure the program's success. The early demonstration experience proved that this point had to be built into the very philosophy of a supported work program, and the burden of that responsibility should pervade every level, participants, job development staff, worksite supervisors. Over time, later program experience succeeded in devising methods of achieving this goal that, through trial and error during the demonstration period, resulted in replicable models for a program operator -- rural or urban -- to successfully use to place supported workers in unsubsidized jobs.

CHAPTER V

ORGANIZATION AND MANAGEMENT

A supported work program is similar in some key ways to a for-profit conglomerate: it operates several different and self-contained work activities and initiates, expands, contracts and closes down each activity according to the demand of the market and the success of the particular activity in meeting the organizational goals.

Developing and managing a conglomerate -- even a supported work mini-conglomerate -- is a difficult and demanding job. Supported work further complicates the matter by hiring as its primary workforce only persons with little or no employment experience and poor prospects in the regular job market, and requires that those who do become dependable, productive employees be transitioned to a regular job. In short, a supported work program of necessity performs many of the business activities of a for-profit business conglomerate -- and must perform them reasonably well to survive -- but is in the end judged on its ability to assist its employees in leaving the company and moving on to regular, unsubsidized jobs. Given the complex and demanding nature of operating a supported work program, questions naturally arise concerning the organizational setup most suitable to the task.

The programs in the national demonstration operated in a variety of ways: several were distinct operating divisions of existing local non-profit agencies such as an Urban League chapter, a Community Action Program, a Spanish-Speaking Unity Council, or an AFL-CIO Human Resource Development Foundation chapter; one began as part of a city agency; the

majority were new, nonprofit corporations created under the auspices of local or state governments, but independent of their control. Each of these approaches had its own set of strengths and weaknesses, and, given the right set of circumstances and people, it is possible to operate a successful program (or an unsuccessful one) under any one of them, or others. The following discussion lays out some of the factors to consider in deciding on a particular local organizational setup.

Governmental Agencies

Supported work is a relatively small program that requires intense and skilled resources. Its size, and its similarities to a small business operation are but two of the factors that make operating supported work as part of a governmental agency more difficult than might appear at first glance. The appropriate agencies -- CETA, social service, criminal justice -- are usually large, and serve a fairly broad clientele in various ways. Because of this, they offer both advantages and disadvantages to a supported work program. In their favor, they usually provide a range of ancillary services, established managerial systems thus decreasing start-up costs, linkages with other local manpower organizations, and a reliable flow of funds, as well as more leverage in obtaining local funding. However, a supported work program undertaken with the expectation that it will pose similar or equivalent issues, tasks and workload to those of other agency programs will more than likely end up as a disappointment and a nuisance to agency staff and leadership. Entrenched bureaucratic policies -- such as extensive paperwork requirements for the purchase of supplies and equipment -- may impede supported work progress and distract agency personnel from routine

procedures. For instance, a situation could arise in which a worksite was ready to start up. Workers were ready but no supplies were on hand because of purchase orders, approvals or other delays. The program's revenue-producing worksite development requires considerable entrepreneurial skill and high-level staff time. Building in the peer support, graduated stress and close supervision elements requires considerable staff and management ongoing effort and creativity.

However, a public agency whose leadership understands and actively supports the activities and integrity of the program can overcome these liabilities. After the demonstration was three years underway, New Jersey state officials, convinced of the usefulness of supported work by the performance of the two demonstration sites in New Jersey, decided to commit state funds to add several more supported work programs in the state. They determined that the expansion would take place through local CETA agencies. State officials evaluated the CETA agencies and selected eight as having the necessary experience, competence and capacity. After an initial briefing session, four of these local agencies indicated no interest in the undertaking. Several said the program was "too complex." Of the remaining four, three completed the planning process satisfactorily and began operating programs. Two chose to operate the program as a separately staffed unit of the CETA agency, and the other set up an independent nonprofit corporation. All three have, at the time of this writing, implemented their programs with minimum difficulty. The careful selection, orientation and planning process and commitment from local agency leadership all played critical roles in this successful use of local government agencies as supported work program developers and ,

destruction to repair to building. That does not take into account the worker who gets continuing satisfaction from being paid to destroy, or the one who would rather refine his or her repair skills than learn how to build from scratch. The availability of real work slots in such crews is also not always consistent with the needs of the progression chart. Again, it is a worthwhile technique to plan for and develop, but its place in the program structure should not be oversold.

Most of the programs also use devices like trying to place only experienced workers at outstationed sites, at revenue-producing sites with tight production deadlines, worksites having relatively low supervisor/worker ratios or worksites requiring high degrees of worker initiative. These devices serve program control as well as graduated stress purposes, and, like the other techniques mentioned above, are best utilized not as rigid structures, but in light of individual and program workforce needs. The development and implementation of these devices requires ongoing communication between worksite supervisors and program management staff.

In short, the implementation of systematic graduated stress techniques can be accomplished through the personnel policies, wage, and bonus systems, using objective measures such as attendance, punctuality and in some cases other productivity measures. Program staff, through their worksite development, employee assessment and job assignment functions, must attempt to develop other graduated stress techniques like those mentioned above for use whenever possible. How well these optional techniques are implemented will, based on the observations of MDRC's

program monitoring staff, make a noticeable difference in the development of worker satisfaction and motivation, and will certainly reflect on in-program performance indicators like attendance, punctuality, terminations and resignations.

The implementation of peer support, close supervision and graduated stress, in most cases is neither automatic nor mechanical, and is faced, as the foregoing narrative indicates, with many practical obstacles. The communication required between key management staff and supervisors, both in the planning and implementation of these elements, is considerable. Yet both operators and program monitors agree that the effort put into their development results in better in-program performance. Those demonstration programs that focused their management and supervisory staff efforts on developing and improving these techniques produced noticeably better in-program participant performance. One program implemented the following combination of supported work techniques through its entire program: all its crews were from 4-10 workers; crew chiefs were selected from participants for 70 percent of the crews; each crew planned its own production, revenue and attendance goals; each Friday, all crews evaluated, with their supervisors, the week's performance; graduated individual wage and bonus systems, including the marking on all paychecks of an individual's progress towards the next increase or bonus; crew productivity bonuses; and a graduated job assignment approach which in most cases allowed only proven supported workers to work at those sites earning significant revenues or having complex and varied tasks. It took this program several years to fully develop and implement these systems, and for most of the demonstration, its in-program partici-

pant performance indicators were, in comparison to other sites, superior.

The effort and coordination required by the supported work elements are key reasons why supported work is difficult to implement in a single large program. Although there is no theoretical or design reason why a single supported work program cannot have a thousand participants, the effort required is substantial enough that a program of between 125-250 participants is more likely to maintain the focus and staff coordination required to implement the elements, than a larger one. The program singled out above, indicated early in the demonstration that it would not expand beyond 150 participants, regardless of available funding, until it had had several years to implement and test the various supported work techniques.

SAMPLE PROGRAM POLICIES

ABSENCES

All absences must be reported to the employee's supervisor or his desig-
nee. An absence will be considered unexcused when no notification is
given and no legitimate excuse is ever produced. The supervisor will be
responsible for assigning absences as excused or unexcused on the time
sheet.

Excused Absences: Employees will be expected to be absent no more than 60
hours during their employment (covered by sick and personal leave).
However, in extenuating circumstances this time may be extended with
excused unpaid absence or the individual may be inactivated without
penalty (See INACTIVATION).

Unexcused Absences: Any unexcused absence for an entire workday will be
considered a serious offense to be dealt with as follows:

1) First Offense -- Supervisor gives verbal warning
2) Second Offense -- Supervisor issues written warning
   (copy to Career Counselor)
3) Third Offense -- Staff meeting will be held with the
   Supervisor, Counselor, Director of Personnel Services,
   and the Referral Agent when possible. Recommended
   action will include immediate termination or establish-
   ment of conditions whereby a further offense will re-
   sult in automatic termination.
4) Upon the second consecutive unexcused absence the
   employee will be inactivated until further notice.

This policy shall apply only to employees past their Four Week Pro-
bationary Period. If 60 days or more have lapsed since the last offense,
a subsequent absence may be considered a first offense in the above
procedure.

Both excused and unexcused, paid and unpaid absences will affect progress
in the Step System. A good attendance record is considered essential for
advancing within the program and adjusting to the requirements of the
world of competitive employment.

LATENESS

Employees will be expected to report to work on time. Since, however, there are occasions when an employee will be late, the following policy has been adopted:

- Lateness is defined as arriving for work any time after 8:00 a.m.

- An employee who is going to be late must contact his Supervisor or his designee by 8:15 a.m. and arrive by 8:30 a.m.

- Any absent hours due to lateness will be designated as unpaid hours on the time sheets according to these guidelines.

Calls in by 8:15 a.m. and arrives by 8:30 a.m.	"Excused" absence for time late
Fails to call in but arrives by 8:30 a.m.	"Unexcused" absence for time late
Fails to call in and/or arrive by 8:30 a.m.	"Unexcused" absence for entire day

- Any late time less than 15 minutes will be rounded up to 15 minutes docked (unpaid) time.

- In the event of personal emergencies, "excused" absences may be designated at the discretion of the Supervisor.

AMENDMENT TO LATENESS POLICY

Add:

Severe Weather. Employees calling in by 8:15 a.m. with car problems due to severe weather (-5° or below), may be excused unpaid until they make it in. Employees calling by 8:15 with no other means of transportation, may be excused for the rest of the day. Any employee who is absent for more than two consecutive work days for this reason, may be considered unexcused if he/she cannot demonstrate to the Supervisor that alternative means of transportation could not be found.

THE STEP SYSTEM

The Step System provides regular employee evaluations. This system is extremely helpful to the employee as it points out individual strengths and weaknesses, sets goals for personal progress, and provides incentives for improvement. It also aids the supervisors and career counselors in understanding each individual's employability needs and noting progress towards attainment of short-range goals.

Every evaluation period the supervisor, the career counselor, and the employee meet together. The supervisor rates the employee in 10 separate categories concerning job performance on the Employee Evaluation Form (see Appendix). The career counselor also evaluates the employee in two personal matters affecting job performance. Each evaluation category is then discussed with the employee -- progress is noted, problems discussed, and future goals set. The total score and any zero's are marked on the timesheets and later submitted to the Information Systems Coordinator to determine position in the Step System.

Wages are assigned according to the following rules and schedule. All employees entering the program start in Step 1 their second full week of work following Orientation. At Step 1 evaluations occur weekly; at Step 2, every 2 weeks; Step 3, every 3 weeks; and Step 4, every 4 weeks.

The following rules determine Step Status:

Rising in Step: Any employee who meets point and attendance requirements for two (2) evaluation periods in a row will go up to the next step.

Dropping Step: Employees will drop in Step for one of two reasons:
  i) An employee misses his evaluation points three evaluation periods in a row.
  ii) An employee is "recycled" for three weeks in a row.
  iii) Any combination of the above.

Recycling: If an employee's absences have disqualified him for a step increase before the evaluation period ends, he will automatically be "recycled" (i.e., start again in the next evaluation period).
Recycling occurs when:
  i) An employee is absent for more than 8 hours in an evaluation period (includes personal time, sick time, and excused absences).
or
  ii) An employee has any unexcused absences or suspensions.
Inactivated time does not count toward recycling.

BONUS REQUIREMENTS

Employee Evaluation Points

Step	Hourly Pay Rate	Evaluation Period	Number of Points on Evaluation Form Twice Consecutively To Advance	Excused Absenteeism of any kind	Unexcused Absence or Suspended Time
Step I	3.10 3.20 * 3.21 *	1 week	24 no zeros	Up to 8 hours in 1 week	None
Step II	3.24 3.34 * 3.35 *	2 weeks	32 no zeros	Up to 8 hours in 2 weeks	None
Step III	3.37 3.46 * 3.47 *	3 weeks	39 no zeros	Up to 8 hours in 3 weeks	None
Step IV	3.51 3.60 * 3.61 *	4 weeks	46 no zeros	Up to 8 hours in 4 weeks	None
Crew Chief Trainee	3.51 3.60 * 3.61 *	2 weeks	32 no zeros		
Full Crew Chief	3.63 3.73 * 3.74 *	4 weeks			

* After six months all employees receive a 3% longevity raise.

Effective Date: December 31, 1979

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CHAPTER III

WORKSITES

A supported work program spends over 90 percent of its budget on worksite-related expenses. This allocation is critical, because it is through work that supported workers prove themselves, to program management, to the customers, and to themselves. Over the years, a wide variety of worksites have been implemented -- ranging from profit-making businesses owned and operated by supported work programs to public service jobs performed free of charge for the benefit of the local community -- and from these, certain lessons have emerged that should be useful to future supported work operators as they examine potential worksites. See Appendix I for worksite guidelines.

Paving the Way

Any small business requires careful pre-operational planning; supported work's workforce, its programmatic intents, and public funding only accentuate that requirement. Before the first worker is enrolled, an assessment of local conditions and needs should be conducted, to determine the most likely areas for worksite development; this initial investigation is usually done by an interested individual or institution. Later work can be best accomplished on an ongoing basis by an active, committed board of directors or advisory council (see Chapter V), which should be made responsible both for ensuring a steady flow of work and for the public relations effort within the community.

On behalf of worksite development, contact should be made and maintained in three broad areas: the business community, local govern-

ment and the unions. The board should arrange to meet with the Chamber of Commerce or a similar local organization serving as the backbone of business within a community, and a source of information and support for a growing program. The Chamber of Commerce can provide the program directors with statistics on local business: which industries are growing and which failing; they know whether the local market is basically satisfied by large outsiders buying into the community or by a collection of smaller ones; in some instances, such an organization might also help to identify areas of useful service not satisfied within the community. It can also predispose the community in favor of supported work.

On the other side of the business community are the unions. The board of directors of the new supported work corporation must evaluate the local union situation to determine what room, if any, there is for untrained workers, what cooperation, if any, there would be, and what support. Without at the very least acceptance of supported work by unions, a great many potential worksites are simply not feasible.

Worksite Planning

Beyond pre-operational planning activities, two additional kinds of worksite planning must be ongoing throughout the life of the program. The first of these is internal or programmatic, and concerns the overall concept of the job itself and the structuring of job tasks within that conceptual framework to make success possible. The other activity is an external or business planning, the actual process of job creation; the lining up of jobs often takes months to accomplish: complex negotiations on reimbursements or fees for services are sometimes required; equipment and supervisors must be in place; and some knowledge of the market must

be acquired.

However, keeping these two areas in mind, with the exception of certain highly skilled professions that require years of training or apprenticeship, almost no type of work experience can automatically be ruled out of bounds to supported work. The real question is why do some worksites meet with success while others do not? If the only type of work to be ruled out is that requiring a too-high level of skills, are there any indicators which might provide some clues in advance as to what worksites will or will not work?

Programmatic Planning. One important demonstration lesson proved to be that although at first glance the opposite might seem true, the degree to which supported workers are interested in the type of work they perform does not seem to be the key factor in the success or failure of a work-site. Of more importance are: measurable, visible results; community response to serve as positive feedback, the care with which the worksite is structured; and evidence that the program job will lead to future work. Thus, while such worksites as building an infant care center, running a restaurant or total building rehabilitation are flashier and perhaps more exciting because workers can see their product being used, operating a maintenance service in public buildings, parkway clean-up or painting can be equally meaningful because although the job itself may be tedious, improvement is visible and therefore satisfying. Jobs that do not have a visible product or process can be structured to define each day's tasks so the worker can measure his or her individual progress as the day goes on. This kind of internal, structural planning is crucial. Thus supported work jobs are not necessarily the most exciting work --

although some are -- but their importance lies not in excitement but in structuring the job to teach work habits and to give the workers the maximum opportunity to succeed rather than fail, as they have done so often.

Another lesson is that it is of primary importance that all work projects have a sufficient quantity of work to be performed. The supervisor or manager and the customer should work out a schedule in advance so that there is a steady flow of work. Alternative work should be planned for down-time, when equipment or machinery needs repair, or when inclement weather prevents an outdoor crew from doing its job, often a public service contract can be negotiated with a flexible schedule, and this can be used to fill in during these times.

If the work project is to reflect real employment conditions then the workers must have the tools and equipment necessary to do the job. This requires pre-planning, budgeting and a responsive program purchasing system. Provisions must be made for ongoing and emergency maintenance and repair of important machinery and equipment. Where possible an inventory of frequently needed machine parts should be kept so that repairs can be made immediately without waiting for a much needed piece to be sent from the manufacturer. Finally, experience has shown the need for a secure, limited-access storage place for program equipment and supplies. The program can seriously overrun its budget if it must continually replace tools and supplies, and insuring these items is also important.

Workers need to have the right attire for the job they perform. Some worksites, such as laboratories, construction sites or security

jobs, may require a uniform, coveralls, safety hats or boots. Workers doing jobs outdoors or in rainy or severe cold weather need boots, rain gear, gloves and the like. Proper attire should be regulated by the program management and can either be paid for by the program, by the workers themselves, or the costs shared by both through a payroll deduction plan.

In order to build the workers' pride in their job and develop good work habits there should be a system for inspection of the work to ensure good quality. With some types of work, spot checks are adequate; with others, each part produced or every job completed should be inspected. Supervisors, in conjunction with the customer, should develop a quality control check list which is signed when the work is completed satisfactorily, and the workers should be told that this has been done.

Business Planning. In retrospect, many of those worksites that did not succeed did so because the programs did not give enough careful prior thought and planning to the external, business aspects of these projects. Although it is hard to predict all the possible pitfalls of a work project while it's still on the drawing boards, it is not necessary for each program to reinvent the wheel: experts are available in almost every field, and it is worth a program's funds to invest in their experience. In addition, some testing of waters should be done before offering the community new goods or services; whenever possible, the customer for the product or service should be committed upfront, as selling a product is a skilled and time-consuming activity, and very difficult; local unions and other support groups should be consulted; use should be made of existing technical knowledge and processes before attempting to develop new ones;

enough time should be anticipated for the gearing up of a new worksite since first year costs for labor, management and capital will be far higher than earnings, and the program must be able to sustain such a new worksite with the rest of its operations. In general, the programs with the most successful worksites usually had a strong and active board of directors to fulfill many of these functions.

New worksites that require a high skill level or a great degree of capital investment should be undertaken one at a time so that they can be assimilated into the program without overburdening it, or investing in something for which there is no market. Two programs capitalized on the energy crisis, but only one succeeded. One program committed a large percentage of its resources to the development of solar power collectors without first analyzing the local market's demand for such new technology. Although the idea sounded interesting, the fact that the program was located in a city where it is foggy a good part of the year made this concept impractical. On the other hand, another program developed a storm window manufacturing project. Prior to this, 80 percent of the storm windows in the area had been purchased out of state. This project manufactured a needed product and provided jobs and industry for the local area, and it appears that this will be a growth industry for the future.

Worksite Diversity

Over the years, each supported work program has developed a variety of worksites. Even though management of a program that has, in essence, become a mini-conglomerate is more complex, program operators learned that a range of types of work opportunities provided a more attractive

choice to potential and current workers, and was felt to be a factor in improving work performance. Diversity also helps to convince the larger community of this group's employment capability. Also, when too high a percentage of a program's work is in one limited area, those workers who are not interested in these activities, but who have no other choice available, may decide instead to leave the program.

Supported work programs have built and operated a day-care center, reviewed for error medical insurance claims in a Blue Cross/Blue Shield office, manufactured lines of home and office furniture, rehabilitated blocks of housing in a neighborhood, provided personal and home-care services to the elderly and infirm, disassembled, cleaned and reassembled complex industrial equipment, and painted local YMCAs. During the fourth year of the demonstration, over half of all the participants worked in more than 20 types of service-oriented projects, including reupholstery, clerical, business services, child care, and automotive repair (See Table III-1A and 1B). Nearly another quarter of the participants worked in various construction trades such as building renovation and rehabilitation, painting, construction of storm windows and winterization, and deleading. Fourteen percent of the workers were involved in the manufacture and packaging of saleable goods such as furniture, shop towels and car buffing products, children's games, dried flowers and large packing containers.

Most programs have continued to expand their job creation efforts in labor-intensive work which requires relatively low, non-specialized skills, simple equipment and generalized supervision. The more specialized or sophisticated work projects cost more in capital outlay and

TABLE III-1A

PERCENTAGE DISTRIBUTION OF PROJECT DAYS IN MAJOR INDUSTRIES IN THE 15 SUPPORTED WORK PROGRAMS, BY SITE

Site	Total Project Days					Percentage Distribution by Major Industry							
	First Year	Second Year	Third Year	Fourth Year	Cumulative	Agriculture Forestry, Fishing[a]	Construction	Manufacturing	Transportation, Communication	Wholesale Trade	Retail Trade[b]	Services	Total
Atlanta	6,356	16,043	15,721	6,979	45,099		14.7	7.9		.2	.5	76.7	100.0
Chicago	6,127	21,013	37,026	15,012	79,178	.2	35.4	10.3	13.8			40.3	100.0
Detroit	n/a	4,924	7,898	5,168	17,990	4.7	62.9	.9		.1		31.3	100.0
Hartford	7,079	26,359	36,663	21,605	91,706	2.7	25.8	20.4	4.2		3.4	43.5	100.0
Jersey City	13,944	28,980	39,078	19,445	111,447		38.7	5.1	12.3		12.0	31.9	100
Massachusetts	7,147	12,949	14,603	14,241	49,140	.3	57.8	17.4		1.3		23.4	100.0
New York	n/a	19,826	38,125	22,937	80,888	.3	2.3		.1		.9	96.3	100.0
Newark	8,247	24,079	35,858	19,643	87,827	1.3	7.3	8.3	.2	.2	3.2	79.6	100.0
Oakland	8,348	18,821	22,715	11,959	61,843	21.1	37.7	3.8	6.7	3.7	8.2	18.8	100.0
Philadelphia	7,973	17,693	13,987	7,608	47,261	15.6	59.9	0.7			1.4	22.4	100.0
St. Louis	3,798	11,785	9,379	3,722	28,684		6.3		2.9	1.1	20.3	69.4	100.0
San Francisco	7,101	9,689	5,188	n/a	21,978	6.1	37.7		6.1	1.6	3.5	45.1	100.0
Washington	8,218	10,825	10,450	4,654	34,147	1.0	18.9	33.1				46.9	100.0
West Virginia	11,909	12,403	18,630	11,498	54,440	5.2	16.4	2.5	6.2			69.4	100.0
Wisconsin	5,693	14,374	18,155	11,307	49,529	.6	40.7	.9	1.4		1.1	55.2	100.0
ALL SITES	101,940	259,763	323,676	175,778	861,157	3.5	28.3	7.8	4.5	.4	3.8	51.7	100.
TOTAL PROJECT DAYS:													
1st Contract Year	101,940					7,046	41,375	3,873	3,226	1,073	3,456	41,501	
2nd Contract Year		259,763				9,349	81,676	16,953	10,279	838	9,586	125,314	
3rd Contract Year			323,676			9,513	79,821	28,471	18,081	1,703	13,837	172,250	
4th Contract Year				175,778		2,988	44,999	18,632	7,383	352	5,976	95,448	

SOURCE: Tabulations of time sheet and project data in the Supported Work Management Information System.

NOTES: The data cover the period from March 31, 1975 through December 31, 1978.

Industry categories were taken from the Standard Industrial Classification (SIC) system of the U.S. Department of Labor, Office of Management and Budget. Although this system is structured to classify establishments under various categories, the supported work demonstration has adapted the definitions to apply to the work being performed. The information is provided by site staff on MIS project description forms.

Project days were calculated by dividing project hours by 8, for all sites except Wisconsin, where the number of hours worked per day is 7½.

Percentage distributions may not add exactly to 100.0 because of rounding.

Percentages within industry have been proportionately adjusted to compensate for a small number of project days for which industry classification could not be determined at the time of the analysis.

[a] Agriculture industries include landscaping work.

[b] Retail Trade industries include food service.

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TABLE III

PERCENTAGE DISTRIBUTION OF PROJECT DAYS IN MAJOR INDUSTRIES
IN THE 14 SUPPORTED WORK PROGRAMS
DURING THE FOURTH CONTRACT YEAR, BY SITE

Site	Fourth Year Total Project Days	Percentage Distribution by Major Industry, Fourth Contract Year							
		Agriculture Forestry, Fishing[a]	Construction	Manufacturing	Transportation, Communication	Wholesale Trade	Retail Trade[b]	Services	Total
Atlanta	6,979		22.9	15.1		0.5	1.7	59.7	100.0
Chicago	15,012	1.2	35.9	16.4	17.1			29.5	100.0
Detroit	5,168	0.2	67.4	1.8		0.5		30.2	100.0
Hartford	21,605		21.1	23.5	11.5			43.9	100.0
Jersey City	19,445		37.5	5.9	2.2		13.7	40.6	100.0
Massachusetts	14,241		45.9	17.7				36.4	100.0
New York	22,937	0.4	0.5				0.4	99.0	100.0
Newark	19,643		2.2	10.2			3.2	83.9	100.0
Oakland	11,959	9.9	26.2	9.3	1.7	2.2	10.0	40.6	100.0
Philadelphia	7,608	19.6	61.5	1.5			3.8	13.5	100.0
St. Louis	3,722		4.0		11.7		19.7	64.6	100.0
Washington	4,654		42.5	56.9				0.6	100.0
West Virginia	11,498		11.3	2.7	9.7			76.3	100.0
Wisconsin	11,307		38.6	0.4	1.0		1.0	59.0	100.0
ALL SITES	175,778	1.7	25.6	10.6	4.2	0.2	3.4	54.3	100.0

SOURCE: Tabulations of time sheet and project data in the Supported Work Management Information System.

NOTES: The data for the "fourth contract year" cover the months of each program's fourth contract year in the supported work demonstration; data for New York, which entered the program after the start of the demonstration, are from third year operations at that site. The contract year period ranged from 6-12 months, depending on the site.

Industry categories were taken from the Standard Industrial Classification (SIC) system of the U.S. Department of Labor, Office of Management and Budget. Although this system is structured to classify establishment under various categories, the supported work demonstration has adapted the definitions to apply to the work being performed. The information is provided by site staff on MIS project description forms.

Project days were calculated by dividing project hours by 8, for all sites except Wisconsin, where the number of hours worked per day is 7½.

Percentage distributions may not add exactly to 100.0 because of rounding.

Percentages within industry have been proportionately adjusted to compensate for a small number of project days for which industry classification could not be determined at the time of the analysis.

[a] Agriculture industries include landscaping work.

[b] Retail Trade industries include food services.

specifically skilled supervision, and are more susceptible to fluctuating market demands for those goods and services. In fact, a high ratio of capital to labor costs in a sophisticated and specialized industry will decrease the number of available jobs for workers, and this type of work project tends to work against the goal of the program. Workers who are trained in good work habits and some basic, widely applicable job skills have a better chance of getting a post-program job. Investing a majority of time, skills and capital in a narrowly-defined work project can be risky when the stability of the entire program may depend on one or two projects which, if they fail, can set back the whole operation. Finally, diverse worksites in different job clusters, at least some of which are in related work areas, seems to be the most managerially feasible type of program to operate.

A variety of worksites protects the programs from some of the pitfalls associated with a buildup in only one or two types of work: a sudden drop in the local market's need for certain goods or services, the phase-out of public monies which help fund a major project to which the supported work program is linked, the appearance of a private firm which corners the market on a particular item, or even the departure of program staff who were crucial to the implementation of one type of work. By the end of the second year, all the supported work programs were operating worksites in at least three types of major industries.

Operational experience has also demonstrated that developing a variety of worksites according to a common theme is equally important for solid program expansion. Work activities which are tied into each other in some way and are interdependent, may yield the most profit to the

program. One advantage of this type of approach is that technical expertise, supervisory skill and the costs of capital equipment and supplies can be shared by many worksites. Often this can be put to developmental use as well. One of the programs developed a worksite in the cafeteria of a local industrial firm where workers prepared and laid out food trays and worked at the steam tables. Several months later the program's parent agency purchased and had supported work crews renovate a building near a hospital and a large factory, obtained a liquor license and began to operate a pub-style luncheon restaurant. Workers who began in the cafeteria were gradually moved to the restaurant to work as busboys, grill cooks and waiters. The third phase of their integrated food services experience came with the renovation, refurbishing and opening that same year of a gourmet restaurant. The most reliable and experienced workers were sent to train under the guidance of a chef to learn food preparation, grill work, meat-boning and butchering, and to bus and wait on tables.

Another program began with a furniture-building worksite, moved into light rehab and eventually got a contract to rehabilitate a group of dilapidated buildings in a nearby neighborhood. Although a program director must beware of overambitiously extending the workers' capabilities, the work ladder concept embodied by these projects proved to be a valuable work experience.

Sometimes a large block of funding can be obtained for a host of work activities under one umbrella which the program could not have received for diversified activities. In their fourth year of operations one of the programs contracted with a local CDC and won a HUD-funded

YCCIP grant which funded up to 90 supported workers engaged in community improvement worksites doing home chore services for the elderly, building maintenance and renovation.

Such a thematic development of worksites can also benefit workers in other ways: clerical work can be transferred to many types of customers as can construction jobs, and workers who were more experienced were gradually moved to sites which required a high degree of skill and speed.

To expand their operations, programs have sought to identify available local sources of funding and to capitalize on particular community needs which they may be able to fill, and to avoid developing worksites in areas which may go against established community interests. A community will pay for a service it deems worthwhile, and if a supported work program provides such a service, it gains the support of the larger community in its expansion and survival.

Revenue Generation

One of the most important features of supported work is its capacity to generate revenue. Although a program should never count on covering expenses by service project revenue, by 1981, the sites overall were covering an average of 25 percent of their own costs, and some went as high as 40 percent. Those revenue generating worksites, if properly structured, are an important component for bridging the gap between supported and regular employment. They represent the program's ability to perform real, competitive work while still shielding the less job-ready workers from the stress involved in the workplace until they are ready to handle it; it also shields private employers from the direct

difficulty of supervising such workers. Finally, because a customer is paying for goods and services, the demand for quality performance is higher. The supervisors know this, and transmit it to the workers.

Experience to date indicates that revenue generating work projects can be expected to be successful if they cover a portion of operating costs and simply forego recovery of the original capital investment. Most directors feel that mandatory graduation of their most experienced workers precludes the possibility of developing a skilled workforce capable of generating excess revenues over costs. Only longer term data will give any indication as to whether such worksites produce higher paying, longer-term post-program jobs as some program directors believe. Experience has shown that a realistic goal for revenue generation in the first operating year is about 10 percent to 15 percent of the total budget.

Revenue generating projects can be a great benefit to the program operationally and financially, but there are many factors to consider when developing them. Most of these worksites have required more planning, negotiation, start-up time, training, supervisory skill, and marketing ability than other worksites. This was especially true when the worksite was geared to providing goods or services to the private sector.

There are three basic models of revenue generating worksites, each with its advantages and disadvantages:

- The small (in-house) business model, such as a furniture-manufacturing unit, is good in that the continuous close contact with the program ensures that the supported work elements are implemented, but poses a complex marketing problem for the product.

- An alternative to the business-creation model of worksite development is that of placing a supported work crew on-site with an agency or business. Workers placed in a host agency can reap the benefits of a training experience which closely approximates regular employment and the program does not have to make heavy expenditures of capital for equipment. However, ensuring that the programmatic integrity of supported work is maintained, is complicated by the isolation of the worker from the program.

- A third solution is to negotiate a subcontract from a local business to do a portion of their work. This arrangement can work to the program's decided advantage: if a business is renovating a housing complex and union labor is providing the electrical and plumbing contracting, the supported work program can seek a subcontract for part of the work. In this way the program does not assume the burden of the total cost of the work and the participants gain experience and skills by working closely with union journeymen.

There have been occasions where a work project was negotiated without consultation with the local unions, and the project was jettisoned because of strong union disapproval. It cannot be overemphasized that no work project should be started in a union shop without the union's prior concurrence, and the hiring of union journeymen as work project supervisors may sometimes be helpful in conquering initial resistance.

Customers and Contracts

There are many types of customers for the goods and services provided by supported work programs. The largest groups have always been public agencies and private nonprofit companies, but over the course of the demonstration, programs have increased the scope of their contracts with private for-profit firms and private individuals. While they may have initially contracted to provide labor or services at no charge or at a small stipend to the public sector agencies, as they gained confidence and a good reputation, the program began to recover full reimbursement

for workers' salaries, materials, overhead and some additional revenue. The mix of types of customers for the programs' goods and services will vary according to the marketing ability of program staff and the local employment and industry patterns.

Although revenue generation is an important factor in determining the worth of a potential work project, not all work projects must generate revenues. To gain community or political support for the program some work projects may provide vital services to the community for which there are no funds available or which no other group is willing to perform.

Regardless of the type of customer, the arrangement under which work is conducted has important effects on the programmatic and fiscal usefulness of selling services or products. The crucial factors appear to be matching job complexity with participant capability, proper preparation of participants in how to deal with customers, and a well-negotiated contract which takes into account the multiple goals of supported work as well as the production and quality needs of the customer. Different customers will provide a different work experience for the participants and the types of worksites which a program develops will require varying managerial capacities.

For nonprofit and community groups the program can offer the opportunity to expand their efforts without a large increase in the cost of labor. The fact that supported workers may come from the constituency served by these agencies is another strong point in their favor. Reimbursement for these contracts should include an hourly rate for labor and cover the cost of materials, tools and supplies. One program's partici-

pants have provided day care for public housing residents under a salary reimbursement arrangement with the local housing authority. Another program's crews have provided home chore services to the elderly through a contract for referrals with a local home care agency. Labor costs were covered by CETA contracts and the home care corporation was approached to provide a contract for revenues.

In public agencies a supported work crew may fill a void by providing a service which could not otherwise be financed without the program's subsidies. The program can often place a larger crew with a public agency, which results in fewer overhead and management costs and greater managerial ease. Reimbursements should be similar to the arrangements made with nonprofit and community groups. One program assigns large numbers of participants to work in local schools, libraries, hospitals, parks, and police departments, and each public agency pays a percentage share of the worker's salary costs. Another's largest worksite is with a state medical center, where the program recruits participants and assigns them to several kinds of work in building maintenance and security, the carpentry shop and the cafeteria. The contract includes salary reimbursement for workers, a provision to give permanent job preference to supported workers and a percentage allocation for program administrative costs.

Small Businesses. For the small profit-making company, supported work offers additional production capacity without the employer's needing to expand the plant and add additional workers. In negotiating contracts with small businesses program directors have found it useful to first attempt to elicit from them what they believe their needs to be and then

attempt to elicit from them what they believe their needs to be and then suggest how a supported work crew might fit that need. As the workers are unskilled and new to the world of work it is much harder to try and capitalize on what they can offer the employer at this first stage of negotiations. The trade-off on the relative ease of placing supported workers in small businesses is that there is less ultimate hiring of the workers at the end of their program stay. It is very important that the program protect itself with a contract to ensure that the business is not merely taking advantage of subsidized labor.

In order to gain entry to a small firm, programs have offered to cover the costs of labor and materials and instead be reimbursed by the item, where goods are produced. If the crew does not deliver a quality product on the agreed-upon schedule, the programs then absorb the additional costs. However once the workers improve their production and its quality, the terms of reimbursement can often be renegotiated to cover other costs. One site has a project which stations workers in a small firm that manufactures computer component boards and in two months the crew has substantially improved production in their area. The company reimburses the program at an hourly rate which covers the costs of workers' wages and a part of the wages of the supervisor, and as the project continues, a higher reimbursement rate will be negotiated. Another site has a contract with a real estate firm to paint houses before they are put up for sale. A contract for reimbursement is negotiated for each house based on the estimated time for its completion, and most contracts fully cover the costs of wages to workers and supervisors, while some now yield a small profit to the program that offsets the

indirect management costs.

Big Business.   Approaching large corporations requires a more sophisticated procedure, remembering that the aim of the program is to fill a need.   For instance, menial, entry-level jobs in a large company often have a high rate of turnover; the supported work program can alleviate this problem by guaranteeing less turnover and immediate, trained replacements when it does occur.   The corporation, on its part, can offer job possibilities to successful graduates.

The program could negotiate a contract for a set portion of the corporation's work in a particular area, for instance the assembly of a specific machine part, or a contract to do maintenance in corporate headquarters or its branches.   In any case the negotiations should stress that in addition to doing the community a service, and developing tax-paying citizens, employing a supported work crew would not cost the corporation any more than it would usually pay for these goods or services.   One program employs a crew which does maintenance work on the evening shift in eight branches of a local bank.   Reimbursement covers the worker's wages, tools and supplies, and the fact that the program supervisor is respected and trusted enough to have a key to the banks is a strong point in the program's favor when developing similar contracts.

Types of Contract Agreements

Once the program and the customer have negotiated an agreement for the performance of work and the level of reimbursement, the terms of the agreement need to be drawn up into a formal contract.   See Appendix II for samples of contract formats currently in use by supported work programs.   Items which should be addressed in any contractual agreement

should generally include the following:

1. A description of the service or product to be provided, the amount of work to be performed, and the timetable for its completion. Any special provision of the employer should also be included in this section.

2. The terms of the reimbursement. Does the customer pay by the unit for the product or service, or does he rather cover all or a portion of the hourly labor cost? Which party is responsible to pay the cost of raw materials, transportation, physical facilities and utilities, and capital equipment? Who will provide and pay for the supervision?

3. The agreement should specify the billing and payment schedule arranged between the program and the customer.

4. In the case where the customer provides the raw materials for the project there is usually a maximum sum agreed upon for loss or waste of materials. The program is then responsible for paying for loss or waste above that figure.

5. Any insurance requirements of the contractor or by the customer should be spelled out. This can include Workmen's Compensation.

Worksite Descriptions

The following pages contain analyses of 11 worksites implemented during the national demonstration. Contained in the analyses are both the pros and the cons of those specific worksites, their pitfalls and their benefits for use by new supported work program operators. These analyses are meant to be merely representative of typical demonstration experiences, not blueprints for a recommended plan.

Description of services - Mow lawns, do edging, prune shrubbery, water, fertilize, seed, plant shrubs and flowers, prune small trees and generally police areas.

Skill levels - Basically unskilled work with some related training and on the job training. Basic landscaping and some horticultural and floricultural training. Training can be done by the supervisor, the customer or a local educational program.

Markets - Local housing authorities, parks departments, public institutions, private corporations, apartment management companies, etc.

Contracts and fees - Usually a seasonal contract for specific tasks in a defined area. Best type of contract is for labor plus materials. A fixed fee or fair market price is more the norm. Sometimes the customer will supply all materials and plants. Billing is usually on a monthly basis for hours worked and materials used or for the percentage of work completed in a fixed fee arrangement.

Facility needs - Shape-up place and a secure storage shed for tools, equipment and materials and a repair shop.

Equipment needs - Power mowers, edgers, hand mowers, rollers, wheelbarrows, containers, and etc.

Tool needs - Clippers, pruning shears, shovels, spades, hoes, pitch forks, picks, hand tools for equipment repair, and etc.

Materials - Grass seeds, fertilizer, peat moss, wood chips, gasoline and oil, sprays, seeds, bulbs, plants, shrubs as determined by the job.

Transportation - Mobile crews require vans to transport workers, tools, equipment and materials. A small truck used on an as needed basis is generally necessary.

Licensing and insurance - Both, for vehicles. Local laws would determine license needs for a landscape contractor, but licensing is generally not required. Liability insurance is a must. Some contracts may require bonding. Guarantees on the life of plants, shrubs, or trees purchased is vital.

Management and supervision - A full time supervisor for each crew. A project manager if three or more crews. Manager and/or supervisor should have extensive experience in operating a landscape business or have been a supervisor of a landscape crew for some institution. Someone on staff should be able to do equipment repair.

Potential and/or real problems   -   Rainy day work, off-season work, power equipment breakdown, quality control of work performed and customer relations and collections.

Transition possibilities   -   Will vary by location and length of growing season.   Public institutions, small landscape contractors and individual spin-offs into a small business are the best bets.

Pluses   -   Low skill requirements, can be done by youths and adults, is probably available for contracting out because it is seasonal work, low capital investment, and produces highly visible results.

Some of the National Experiences   -   Something we usually can manage and can be a good income producer. Equipment breakdowns and poor gardening techniques leading to dead plants are the biggest problems. Teaching safety measures to the supported workers using power equipment has proved to be necessary. A good quality job done can create a terrific community feed-back and concurrently a poor job can cause the reverse reaction. Having the workers outside in the public eye presents the same opportunities and risks.

Product/Service - Parkway Maintenance   Crew size 5 - 6 swers

Description of services   -   To provide all necessary janitorial maintenance for 15 administrative buildings located at toll booth plazas, for 140 toll booths, and for 2 state police barracks on the parkway. Five crews from three different supported work programs divided the work up according to geographic proximity and size of work load. There are detailed cleaning specifications in the master contract.

Work schedule   -   Crews generally work an 8:00 am to 4:00 pm shift Thursday through Monday inclusive. They are off on Tuesday and Wednesday each week. The parkway gets more traffic on weekends and therefore needs cleaning more at that time than during the week.

Skill levels   -   Very entry level maintenance work. Training in certain cleaning techniques and in use of special materials has been given by the highway authority maintenance division.

Market   -   Customer is the State Highway Authority which gets a double benefit from this arrangement: the social benefits of creating 25-30 jobs for severely disadvantaged state residents and the guarantee of a good cleaning job by the crews.

Contract and fees   -   The contract is with the State Highway Authority and has a three year slightly escalating renewal clause subject to approval by all parties. Reimbursement averages $16,500 per crew annually. After paying for all transportation, materials, tools and equipment costs, each crew generates about $8,200 to offset some of the costs of labor and supervision.

Facility needs – A secure place to store vans and equipment overnight.

Equipment needs – Major need is for purchase or rental of vans. Floor buffers/waxers and portable vacuum cleaners are also used.

Tool needs – None

Materials – Trash bags, mops, pails, sponges, cleaning materials, wax, steel wool, brooms, dustpans and dust cloths. The authority furnishes paper towels, paper cups, toilet tissues and hand soap.

Transportation – Vans equipped to legally carry a supervisor, up to six workers and all materials is necessary. A backup vehicle is also a necessity.

Licensing and insurance – obviously, vehicle registration, licensing, and liability insurance are a must. Each policy must reach the limits specified by the State. Bonding of all workers is also required because of the accessibility to large amounts of coins in the counting rooms.

Management and supervision – These crews are usually part of a larger maintenance division with a professional manager. Each crew has a full time supervisor who must be extremely dependable, skillful in handling the workers and good at the customer relations job of dealing with the toll booth collectors, managers and State police. There should be one or two back-up supervisors always available on short notice.

Potential and/or real problems – The possibilities of petty or major theft. A good orientation by Highway Authority personnel addresses this problem and lets workers know how it is dealt with. Weather especially in winter can be a major problem. The best remedy is a good sensible communications system between the authority and the supported work program for cutting short or calling off the work day across the State or on certain sections of the highway. Vehicle breakdowns need to be anticipated and back-up vans available. Attendance on weekends at times is a problem and back-up workers should be available on call as well as a weekend hourly pay differential offered to workers.

Transition possibilities – Some possibilities with the Authority but not in great numbers. More importantly, workers who develop into good dependable employees working this sort of demanding work schedule should be easy to place in a variety of related jobs in the public and private sector.

Some of the National Experiences – So far it has not been replicated in other States.

Product/Service - Building Maintenance   Crew size 5 - 6 swers

Description of services - A wide variety of interior building cleaning
     and maintenance services. It includes doing entrances, corridors,
     washrooms, offices and meeting rooms. Floors, walls, ceilings,
     light fixtures, windows, blinds or shades and furniture are all
     cleaned and cared for according to the specifications of each job.
     Emptying waste baskets and removing the trash is generally in all
     specifications. Working hours are negotiated between the customer
     and the supported work program. In some cases this is the only
     cleaning service but in many other cases it is supplemental to a
     public agency regular service.

Skill levels - Very entry level maintenance work. Training can be
     given by a representative of the customers or supervisor.

Markets - Prime market is all kinds of understaffed public institu-
     tions, court buildings, police stations, hospitals, nursing homes,
     mental health facilities, housing projects, and all sorts of govern-
     mental department office buildings. Private for profit customers
     have contracted for services at hotels, apartment complexes and
     branch banks.

Contracts and fees - A wide variety of arrangements are possible.
     Private for profit companies pay for the fair market value of the
     service. Public institutions are provided the services at a
     subsidized rate. As always the best deal is usually the hourly
     labor rate plus materials, but a fixed fee rate is also common.

Facility needs - A shape-up place/locker room and secure storage
     for supplies, equipment and materials is needed.

Equipment - Equipment for stripping, waxing and buffing floors is
     the only real capital investment.

Tool needs - Some hand tools for minor repairs.

Materials - Trash bags, mops, pails, sponges, cleaning materials, wax,
     steel wool, brooms, dustpans and dust cloths.

Transportation - A ride to and from work may be necessary if the
     worksite is not easily reached by public transportation. If a crew
     cleans a number of spread-out buildings on each shift a van is
     necessary to carry workers, materials, and equipment.

Licensing and insurance - No licensing required except in unusual
     situations like gambling casinos. Liability insurance and some
     bonding is standard practice.

Management and supervision - A cleaning crew is generally part of a
     maintenance division of a supported work operating company which
     would have a professional manager. Each crew is under a full-time
     on-site supervisor with previous supervisory experience in the blue
     collar trades.

Potential and/or real problems   — Minor theft of items left unprotected
   in people's offices.   Small portable radios and petty cash are
   likely targets. Supervisors need to be mobile and have good control
   over workers who are often dispersed throughout a rambling, multi-
   storied building.

Transition possibilities   — Generally good in both the public and
   private sectors. Local labor market pay rates will determine
   whether or not supported workers will leave for unsubsidized main-
   tenance jobs in that community.

Pluses   —   Low skill requirements, generally available reimbursable
   work and modest capital equipment needs.

The National Experience – Every supported work program has had some
   experience in the maintenance field even if it just maintains its
   own facility. This is another low investment, good return kind of an
   operation for a typical supported work program, especially in those
   that recover minimum wage for labor and all other expenses from the
   customer.

Product/Service – Paper Recycling   Crew size   12 swers

Description of services   —   Residential collection of newspapers and
   cardboard and secondary metal and glass. Reduces the tonnage of
   trash to be collected by the local sanitation department to be
   dumped in the community landfill area. Crews also make pickups at
   businesses, print shops, the university and local government offices.
   There are 18 residential routes serviced on a regularly scheduled
   day each month. Everything is trucked to a warehouse to be sorted,
   and, in the case of paper, baled. The bales are stacked and held
   for shipping. When there is enough volume, it is loaded for shipment
   and sold. 'There is an ongoing public relations and advertising
   campaign and customer telephone follow-up if pickups fall off.

Skill levels   — Some workers need licenses to drive trucks, and enough
   driving skill to learn to operate a fork lift; and others need
   rudimentary communications skills for learning the public contact,
   customer relations and advertising ends of the business. Major
   training is in educating the workers about the environmental needs
   for resource recovery programs.

Markets — Baled paper is sold through brokers to paper mills and
   sometimes directly to mills. Metals are sold to salvage dealers and
   glass through brokers to glass manufacturers.

Contracts and fees   –   Project periodically will test market to get
    deals with brokers who pay highest amount per ton. Sometimes it is
    advantageous to have an arrangement with a broker that pays a
    couple of dollars under market when the prices are high but has a
    guaranteed floor when market prices are low.

Facility needs   –   A separate building in an area zoned for warehousing
    with docking facilities for a truck and a fenced in area for park-
    ing.   A 3,000 – 4,000 square foot building is about the minimum
    required. A 15 foot ceiling will allow for stacking of bales. An
    office area of about 300 – 500 square feet should be built in.
    Special electrical hookups are required for many baling machines.
    Building should definitely meet all fire codes for this type of
    operation. The certificate of occupancy should clearly allow such a
    business on the premises.

Equipment needs   –   In addition to vehicles, the only major equipment
    needed is a baler, a fork lift and large metal storage bins for
    metals and glass. Telephones, a typewriter and access to a copy
    machine are needed for the advertising and public relations work.
    Appropriate office furniture should be available as needed.

Tool needs   –   Bale strappers, little banking machines and hand tools
    for building and/or vehicle maintenance are necessary.

Materials   –   Wire, cord, and general office supplies are the minimum.

Transportation   –   A one-ton truck with a 12-foot box is about the
    smallest that could handle the route pickups. A 16-foot step van
    does the other pickups.

Licensing and insurance   –   Most communities require licenses or permits
    for residential waste collection. Salvage dealer's permits may also
    be necessary.   The appropriate certificate of occupancy allowing
    this use is a must. Adequate vehicle and facility liability and
    accident insurance is mandatory.

Management and supervision   –   A full time manager/supervisor and a
    supervisor for the collection crew is necessary. The manager should
    be experienced in and knowledgeable about source separation recyc-
    ling and have previous management experience.

Potential and/or real problems   –   work flow in warehouse not always
    steady. Community participation on route fluctuates. The market
    pricing undergoes many changes.

Transition possibilities   –   There has been some placement into unsubsi-
    dized jobs at paper companies and print shops. In addition, for
    laborers to have some experience in truck driving and fork lift
    operation has been a plus in placing them into general warehouse
    work.

<u>Pluses</u> - Low skill requirements, easily available markets, the public
     relations value to the supported work program and the fact that the
     workers know that their efforts have a positive effect on the local
     environment are all pluses.

<u>National Experience</u> - Only one supported work program is operating
     a recycling program this extensive, but 2 or 3 others are involved
     in supplying labor to such programs or are newly operating smaller
     efforts that may more fully develop over time. The one large
     operator is currently covering all costs for transportation, rent,
     utilities, equipment, materials, advertising, direct management
     and supervision out of revenues from sales.

<u>Product/Service - Automotive Cleaning Materials</u>   Crew size 11-12 swers

<u>Description of products</u>   -   Produce cleaning towels, buffing mittens,
     and other items for cleaning autos. The shop is basically a sub-
     contractor for a successful local firm.   Work performed includes
     cutting, sewing, assembling, packaging and boxing of products. The
     workers also handle inventory, shipping and receiving functions,
     record keeping and documentation for billing purposes at the plant.

<u>Skill levels</u>   -   The cutting and sewing jobs require manual dexterity
     and good hand and eye coordination. Many AFDC mothers in the
     project have had previous experience on home sewing machines and
     it is relatively easy for the supervisor to train them on the
     industrial sewing machines in the plant.   Workers who have diffi-
     culty mustering the cutting and sewing functions can be assigned to
     packaging, boxing and shipping and receiving jobs.

<u>Markets</u>   -   The plant has had one major customer for almost 100% of its
     output for the last three years.   The customer purchases all raw
     materials for production, packing and shipping and handles all of
     the marketing. The supported work program is paid for each item it
     produces and/or packages at a negotiated price.   This is a good
     arrangement, in that the program can concentrate solely on produc-
     tion without a lot of cash flow problems and inventory surpluses.
     On the other hand the plant is too dependent on one customer and
     would be practically out of business if this relationship were
     severed for any reason.   It needs to generate additional customers
     in order to protect itself.

<u>Contracts and fees</u>   -   Presently the project budget generates enough
     income to offset the total costs of rental, utilities and main-
     tenance of the plant and its equipment plus the costs of a part-time
     plant manager and a full-time supervisor. As mentioned earlier, the
     price on each order is negotiated between the plant and the customer
     and items that turn out to be real losers are either not handled
     again in the plant or are handled at a higher negotiated rate.

Facility needs — This project uses about 4,000 square feet of plant space and another 800 square feet of office space. There are truck bays for loading and unloading orders. Plenty of good lighting, enough electrical outlets for each sewing machine and the bagger-sealer, and adequate power for a compressor were the major facility improvements. The crew itself built all of the work tables and a very large cutting table.

Equipment needs — A total of 12 industrial sewing machines of two different types are used in the plant. Some products require sewing on one type of machine and others must be done on the second type. Two bagger-sealers are used in the packaging operation. In addition to two inspection tables there is a 30′ x 5′ cutting table with a manually operated 5′ long material cutter. A manual fork lift is used for loading and unloading.

Tool needs — A good set of hand tools appropriate for repair of industrial sewing machines.

Materials — All materials are provided by the customer.

Transportation — The customer delivers all raw materials and picks up all finished goods.

Licensing and insurance — There is no licensing necessary. Basic liability, fire and theft on the plant and its contents are of course required.

Management and Supervision — A manager with many years of set-up and production experience in the needle trades oversees the plant on a part-time basis. A full-time supervisor-trainer manages and trains the workers. A repairman is on contract to service and repair machines two days a week.

Potential and/or real problems — There is a need to develop additional customers. Down-time is a problem if the present customer has no orders or misses a delivery of raw materials. Some of the items produced are seasonal. Equipment breakdown was a major problem until the present regular repair service was identified and committed. When workers turn over there is a drop in productivity while inexperienced workers are trained. Locating a capable and available plant manager was also a major problem.

Transition possibilities — A number of workers have left supported work for unsubsidized jobs in the industry. The industry is in a growth period locally.

Pluses — Many supported work eligible persons have some home sewing experience. There is some good training involved and the work can be highly structured. Production counts are easy to take and goal setting and measuring performance is not too difficult. In many ways this type of plant is ideal for a supported work setup. It also generates a decent amount of revenues.

SUPPORTED WORK:

A PRACTICAL GUIDE FOR
PLANNERS AND OPERATORS

Manpower Demonstration
Research Corporation

December 1981

This practical guide was prepared by MDRC staff as part of its responsibility to carry out and evaluate a National Supported Work Demonstration under the following grants or contracts:

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U.S. Community Services Administration

The points of view or opinions stated in this document are not intended to represent the official position or policy of the supporting funding agencies.

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CHAPTER I

INTRODUCTION AND OVERVIEW

Supported work is a program designed to impart good work habits and experience to the hard-core unemployed, thus easing the transition to jobs in the regular labor market. Supported work, unlike most other employment or social service programs, was operated for five years as a national demonstration and evaluated under an experimental research design.[1] The demonstration was managed by the Manpower Demonstration Research Corporation (MDRC), and this manual represents a summary of some of the most useful lessons derived by MDRC staff from the management and operation of the supported work demonstration.

The National Supported Work Demonstration began operations in early 1975 at 13 locations across the United States. Its purpose was to determine the cost-benefit and impact of supported work on the long-term employability, earnings, welfare status, criminal and drug activity of four groups of people who represent a substantial core of what is often called "the underclass:" former drug addicts, ex-offenders, long-term AFDC recipients, and drop-out, delinquent youths. Because supported work was to be a highly structured research project involving the random selection of participants into control and experimental groups, eligibility requirements for each group were carefully defined and enforced to ensure that each individual entering supported work had little or no

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[1]   See MDRC Board of Directors, Summary and Findings of the National Supported Work Demonstration (1980) for a comprehensive overview of the basic findings of this large-scale experiment.

previous employment experience and a personal history of institutional dependency or involvement that made it highly unlikely that he or she would ever become a stable member of the workforce by conventional means. As the demonstration progressed, local communities also utilized supported work for other populations -- primarily former alcoholics, recently-released mental patients and the mentally retarded -- and although these groups were not included in the original research sample, their in-program experience indicates that supported work may be appropriate for these and other groups as well.

By 1981 the demonstration had grown to include 21 programs located in 13 states. Three states -- Wisconsin, New Jersey and West Virignia -- had chosen, based on early demonstration experience, to expand supported work operations. · Many of the 21 programs were noticeably unique in various respects. But each program could be characterized by a few fundamental features which together constitute a working definition of "supported work."

● A sole-purpose organization or distinct unit of a larger organization was responsible for employing the supported workers and developing and administering the various components of supported work. This organization or unit had a professional staff whose work was solely devoted to the supported work operation. It may have been a nonprofit corporation whose sole corporate purpose was the operation of supported work. Such an organization had its own board of directors, usually composed of persons representing local business, labor, community, governmental, banking and legal interests. Or, the program may have been lodged in a larger local organization,

such as a CETA office, Urban league, Spanish-Speaking Unity Council or Community Action Agency, where supported work was one of several programs being operated under one corporate umbrella. In this case, the supported work program was usually located separately from the overall agency and its other programs; it had its own director and staff, but did not have a distinct board of directors, and reported directly to the parent agency's director and board.

This operational "distinctness" insured program integrity and appropriate devotion of resources, pinpointed managerial responsibility and made it possible to capture all program costs in accounting for the program's cost-benefit ratio.

The supported work programs each employed from 80 to 500 participants, although demonstration experience was that few sites had the resources and management skills to operate programs of over 200 participants. Individual program size during the national demonstration averaged about 125 participants.

The vast majority of programs chose to employ two or more of the specified target groups rather than concentrate on one specific group so that their efforts could be concentrated on the various worksites they operated, and the common work-related problems these groups have, rather than become overly identified and involved with problems unique to one target group.

The worksites at any individual program -- and there usually were between five and fifteen -- ranged from painting the interior of local YMCA buildings, renovating a house acquired from HUD, delivering school lunches under a Department of Agriculture program

and microfilming public documents to building and operating a day care center, winterizing homes for the elderly, producing furniture and processing claims for an insurance company. The worksites at each program reflect the needs and opportunities of each community. The vast majority involved entry-level skills, and what skills training there was would be in the main done on the job. The common bond of these various worksites was that with few exceptions each employed a crew of supported workers, i.e., 4-10 participants working and supervised as a unit. There was usually one professional supervisor for each crew of workers.

Most of the worksites were revenue-producing, i.e., they produced goods or services under contract to a public or private agency, and the program received payment for those services or goods. A program covered between 15 and 35 percent of its total expenses by such revenues. This revenue-producing aspect of supported work was important not only because it reduced the need for public funds but also because it ensured, in the minds of both staff and participants, that the work was "real."

The physical location of supported work, particularly of the larger programs, would most likely be a warehouse or factory where in-house worksites were developed and operated.

Participants remained in the supported work program for a maximum of 12 months. During that stay participants were viewed as employees, who could be suspended, fired or docked in pay for the violation of established policies. The requirements for employment in supported work, both in terms of productivity and disciplined

attention to rules and regulations, were gradually increased over a worker's stay in the supported work program. Most workers started out at a less demanding job in terms of complexity, productivity and judgment requirements, and upon satisfactory performance and tenure usually had the opportunity to transfer to more challenging work. Many programs tried to make a new employee's first job assignment at a worksite in the program's physical headquarters, and only later, after proven performance, was a worker sent out on a crew which works at a public or customer facility.

If the supported worker met the gradually increasing standards of punctuality, attendance and productivity, he or she could expect to receive a small weekly or monthly bonus and a modest hike in hourly rate every three months or so. The standards got tougher and the periods between bonuses and wage raises got slightly longer as a worker's time in the program increased. By the time the worker was ready to leave supported work for a regular job, these special incentives were no longer a significant feature of his or her supported work experience.

Throughout a supported worker's employment he or she had available various other forms of support, depending on the local program's resources and operating philosophy and the degree of involvement of the participant's referring agency. Some programs offered on-site counseling for work-related problems; on-site GED and driver's license courses; and referrals to counseling and other kinds of assistance located throughout the community. But the program's focus was on the work itself. The competent operation of

a multi-worksite supported work program absorbed the vast majority of program resources, and kept the attention of staff and workers on doing a limited number of specific tasks well during their stay at the supported work program. Less than 5 percent of the demonstration's operating expenses was attributable to providing ancillary services, and paying participants' time for utilizing them.

● At some point anywhere from 3 to 9 months in a supported worker's program stay he or she began to receive job readiness training on a regular basis, while still spending 30-35 hours per week at a worksite. How to make out resumes, mock job interviews, what are employer expectations in the industries the worker was most interested in, what industries should an individual worker focus on, etc., were all part of this training. The supported work program had staff able to assist the employee to obtain interviews with private or public employers. Somewhere between 35-60 percent of the program's participants, depending on the target group, would transition to non-supported work jobs. The others would resign or be fired. Supported work hired persons with little or no previous employment success, and had a noticeable impact on many, and none on many others.

● The local CETA agency covered about a third of total program costs from formula-funded CETA Titles. Another 25 percent came from worksite revenues, and another third from national DOL funding to cover management, administration and worksite expenses not normally covered by formula-funded titles. The remaining 8 or 9 percent came from other local sources, such as Community Development or LEAA

funds, and, if the program employed AFDC recipients, from welfare diversion monies. A program with AFDC recipients would have about 40 percent of AFDC wages covered by the diversion of welfare payments into the wage pool.

The program cost about $6,500 per participant in public funds, and 70 percent of that went toward workers' wages, fringe benefits and bonuses.

<p style="text-align:center">*   *   *</p>

This manual sets forth in the following chapters a more detailed exposition of the various programmatic strategies and techniques that characterized the operation of supported work during the national demonstration. There are several areas this manual does not cover, however, which are equally important to the effective development and operation of supported work. One is sound management. There are numerous courses and books which teach the basics in sound management, and this manual does not attempt to replicate them. In overseeing the national demonstration MDRC tried to ensure that experienced managers were hired to run the local supported work programs. When programs did not reach their goals and were not well-managed MDRC worked with the local boards of directors to replace top management. If this was not feasible, or did not produce better results, the programs were closed down. Local boards of directors and funding agencies will have to be willing to play this kind of active oversight role to ensure that their supported work programs are well-managed.

Second, this manual does not document, for reasons of space, the management information and fiscal reporting systems which MDRC designed and required at all the demonstration sites. These systems are critical if managers, boards of directors and local funding agencies are to have reliable data on which to base decisions regarding strategy, key personnel and goals.

CHAPTER II

PROGRAM ELEMENTS

Each supported work program is structured to provide certain
basic elements: peer support, close supervision and graduated stress.
These elements lie at the heart of the supported work concept, and
enable participants to become gradually accustomed to work as an order-
ing of activities that is progressively demanding and rewarding, soci-
ally supportive, and carefully supervised, in short, they make success
possible.

Peer Support

Peer support is achieved primarily by having participants work in
groups or crews of 4-10 participants. Inherent in the concept of
peer support is the notion that newly-employed supported workers will
feel more comfortable if placed in work situations with people who have
had similar experiences and difficulties with the regular labor market.
Assigned to crews made up of peers, a new supported worker is less
likely to be distracted from work because of concern about being the only
ex-addict, ex-offender or welfare recipient at the job site.

Whether or not to mix target groups in the same work crew -- parti-
cularly youths and AFDC participants with ex-addicts and ex-offenders --
troubled the demonstration planners at first, but it was decided to issue
no prescriptive guidelines on the subject, and instead let local program
decisions and experience indicate what, if any, problems would arise from
such a practice, and whether or not guidelines should be issued. Local
practice was, as might be expected, mixed -- a few programs initially

tried to avoid mixing target groups, while most disregarded such labels in assigning participants to crews.

Experience has also been mixed. The risks involved with the single target group crews were that rather than creating an atmosphere in which it was possible for participants to break old patterns and to develop new, more positive ways, it might do the opposite by reinforcing an identification with a specific kind of behavior. The potential problems of these "one target group" crews can be eased by initially intensifying supervisory resources at the worksite and, particularly for youths, enriching the program with more ancillary services such as counseling -- a combination of remedies a cost-conscious program will find difficult to implement on a large scale.

Most programs prefer mixed target groups, judging that it prevents the program from being tagged by its own staff and participants, and the local community, as a "one-group" rather than a "work" program. It forces participants to focus on their work-oriented problems, habits and skills, since in mixed crews, work -- not a background of addiction or incarceration -- is the common denominator. The one all AFDC program in the demonstration was an exception, and experienced few worksite operation problems.

Although MDRC refrained from establishing rigid guidelines on crew composition, the consensus among program operators is that the optimal crew size is between four and ten persons, with the national demonstration average for crews being five members. Not only does this size seem most conducive to the workers' sense that they are in a distinct work unit; it also represents the number of participants that can

be most efficiently managed by one supervisor.

In addition to rural conditions there are two primary reasons justifying crews that do not fall within the preferred range: first, occasionally the needs or capabilities of a worker are more effective in an individual placement than crew work. For instance, several of the programs employ persons with histories of chronic mental illness. A few of these participants are simply not able to function in situations with much interpersonal dealing, and are best placed, at least initially, either in crews with a minimum of work interdependence or in individual work situations. Second, some programs use single-placement, non-crew worksites as the last step for a participant ready to move from the program into permanent, non-subsidized employment. These workers, after several months of successful participation in a supported work crew can often benefit from an individual worksite placement to add to their confidence that they can succeed at work without the social support of their crew.

In both cases, the other supported work elements are adjusted to ensure that the proper supports are provided. This is usually accomplished by having a roving supervisor who moves from site to site, setting goals, monitoring performance and providing reinforcement in conjunction with the employer's supervisory personnel. It is, however, the employer or host who actually has more regular, intensive contact with the supported worker.

For example, a supported work program might decide to operate a worksite that has unique advantages -- e.g., training in a field with unusual transition opportunities, high revenues, an opening into a major

area of the private sector -- but whose manpower needs do not fit the preferred crew size. One demonstration program developed a commitment of 77 job slots at a large local medical college. These slots included clerical, maintenance, lab assistant, groundskeeping, carpentry, and shipping/receiving positions, and were often either individual placements in a college department or, even if several were in the same department, were not planned as crew work. The college reimbursed the supported work program for each slot -- thus it was a revenue-producing worksite -- and also indicated that the rollover potential would be high.

The worksite, although tempting, was not, as offered, supported work, so program operators took several steps. They established liaison supervisors, whose sole job was to work with the college supervisors and the participants to ensure that the graduated stress and intense supervision elements would be implemented. The supervisors worked with the various departments to ensure that wherever possible, crews were established. They set up small, weekly group meetings for participants to discuss their work experience and any problems they were having. They processed transfers to "regular" supported work crews when a participant became dissatisfied with the college experience. Supported work program management regularly evaluated the attendance, productivity, transition and retention rates of the college worksite participants in comparison to supported workers in more conventional supported worksites. And supported work applicants were carefully screened so that those with the skimpiest prior work experience or most troublesome personal problems were not assigned to the college worksite. The program devoted considerable management and supervisory time and imagination to making this

attractive worksite amenable to some structured crew support.

Generally, however, peer support is best accomplished by work in crews, and, when possible, stable crews. Research interviews with supported work participants indicate that those who were transferred very often from worksite to worksite to meet emergency program workforce needs were generally critical of their program experience. Minimizing such management-directed transfers is a function of effective worksite and personnel planning, although some instability is unavoidable. Table II-1 indicates the demonstration's attendance average for each of the target groups, and gives a manager some notion of the personnel surplus necessary to maintain worksite operations on schedule with a minimum of transfers. Some overenrollment is necessary because program operators must be able to guarantee adequate manpower for each project, and because normal absenteeism will predictably diminish a program's workforce. On the average, programs hired about 10 percent more participants than they had active full-time work slots. Doing this, however, requires the creation of a mechanism to provide work for any extra participants, to avoid the risk of workers sitting around with nothing to do. Some programs maintain one or two flexible crews that can absorb any extra workers as necessary.

Another method of stabilizing crews and utilizing peer support effectively has been to mix new supported workers with "veteran" crew members who can understand the problems of adjustment and provide positive support and leadership on the worksite. At its best, this happens naturally as empty slots at worksites are filled with new participants. Sometimes program managers will also attempt to place one proven worker

TABLE II-1

ATTENDANCE RATES (1980)

TARGET GROUP

AFDC	88.8%
EX-OFFENDER	82.4%
EX-ADDICT	84.7%
YOUTH[1]	96.4%
OTHER	86.5%
All Target Groups	88.4%

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[1] Youth figures includes youths enrolled in the variation program.

in every new worksite. This is usually useful only when the proven worker will voluntarily make the worksite transfer.

Often these already successful participants are named "crew chiefs," and take over various administrative duties (e.g., ordering and obtaining supplies, keeping inventory, maintaining timecards) and occasionally supervision and teaching of the work itself. Crew chiefs are paid 10 percent more than regular supported workers. They are intended to be role models and motivators for other supported workers. However, the naming of crew chiefs from participants must be approached conservatively, as the vast majority of demonstration programs will attest. Many times successful supported workers, whose work habits are exemplary and personalities stabilizing in a crew setting, have no management, leadership or administrative skills, and do not work out well as crew chiefs. Sometimes their technical work skills do not equal those of less dependable workers, and thus their credibility to supervise is undermined. Not infrequently, a participant named crew chief exercises excessive authority over other workers; also, several of the target groups have by definition, considerable difficulty in maintaining stable authority relationships, and this can include being in a position of authority.

The vast majority of supported work programs utilize the "crew chief" not as a regular part of every worksite's structure, but as a special device for worksites which have a clearly definable need for such a role, and then only when a supported worker with the proper combination of skills, work habits and leadership emerges. Objective criteria, such as attendance and punctuality, are not sufficient standards for the naming of crew chiefs. Most programs require higher than ordinary

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attendance and punctuality performance to be eligible for a crew chief position; in addition to these, supervisory ratings in leadership, cooperativeness, initiative and other such performance categories are used to determine actual selection.

In cases where supported workers are scattered throughout a given worksite -- at the medical center described earlier, for instance -- regular meetings are held with the supervisor to review performance, set production goals, or, when necessary, to air grievances. These meetings serve to create an atmosphere of mutual support and guidance by drawing together as a crew persons who, although not situated in close proximity at the workplace, share a common employment experience.

Peer support can also be implemented in ways unrelated to worksite operations. Several programs hold events where successful graduates return to discuss with current participants their jobs after supported work. Graduates can be used as ongoing contributors to job readiness classes. Some programs use successful participants as intake inter- viewers, and as contributors to orientation sessions.

The key to useful peer support, as one program director stated, is that it "makes the participant less uptight, not feel isolated by a label, not fail from anxiety." But it is a program device that can backfire if not carefully monitored and supervised. The bad apple theory has its basis in life and in supported work. Only a good supervisor, knowledgeable not only of the work process and product, but also of the personalities, relationships, and dynamics of his or her worksite, can minimize its consequences.

Supervision

One thing that all parties to supported work program operations --
participants, program staff and MDRC program monitors -- agree, is that
the worksite supervisor plays the major role in a participant's supported
work experience. Supervisors are responsible for the transfer and
development of technical skills; for instilling positive work habits and
attitudes; for planning work operations and schedules in light of the
deficiencies and needs of the participants; for providing counseling
regarding work-related problems; for judging when a participant should be
transferred, fired, pushed for greater productivity and encouraged to
begin looking for a regular job. It is one of the most difficult and
demanding jobs in a supported work organization because it carries the
day-to-day stress of all the program's goals -- work habits, work produc-
tion, and human development. These goals are central to supported work,
and yet seldom are they easily compatible. The work habit and production
goals are related to customer contracts, their timetables and deadlines,
and to the supported work organization's need for reasonable performance
standards. These considerations help ensure that supported work remains
a work program, with expectations and standards in general accord with
those of non-supported jobs. The human development goals of supported
work relate to the condition of each individual participant, and require
flexibility and sensitivity. The skill with which a supervisor imple-
ments these sometimes conflicting goals is probably the holy grail of
supported work.

Because of the difficulty of this role, most worksites are program-
controlled. Thus the supported work program hires and trains its own

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supervisors. Even so, most programs have found it an ongoing problem to select appropriate supervisors. Some programs initially tried to focus on hiring supervisors with strong human development skills and experience in dealing with the target groups; others focused on hiring those with high technical skills. After some experience, most programs decided that appropriate technical skills were a threshold requirement that could not be compromised; the supported work program could take as a training responsibility the transfer of skills in relating to and handling supported workers, but it could not begin a worksite without confidence that the supervisor had sufficient previous training and experience to handle all technical and production aspects of the worksite. The participants enter supported work expecting it to be a work experience, and many programs learned that the quickest way to undermine the program's credibility and authority was to provide an inadequately experienced supervisor.

In some respects this seems an obvious point, hardly worth making. However, some of the supported workers exhibit behavioral quirks that often overshadow the work itself, and can easily lead an intelligent and sensitive observer to the conclusion that unless a supervisor has had experience in dealing with these populations he or she will never be able to get on to the work itself. The key problem with this approach is that it tends to overfocus the supervisor's attention on individual participant problems and lets those problems, rather than work, define the nature of the supported work program. Performance of the work inevitably suffers, although it is easy to believe that this is a short-run result that will turn around as soon as the behavioral or personality problems

are adequately dealt with. Demonstration experience has been that this rarely occurs. More often the result is to lower performance expectations, underemphasize quality of work requirements, expend a disproportionate amount of supervisory resources on the most difficult individuals, and lose the interest of those who came in motivated to work and learn. This last point cannot be overemphasized: the motivated, successful supported worker needs as much supervisory attention and oversight as his or her less motivated counterpart. The positive attitude and success shown at supported work is not grounded in a lifetime of successful work experience, but is rather more often the result of a recent decision and experience. It is the supervisor's job to help develop and corroborate such positive attitudes. This demands an ability to set standards and enforce them, and does not allow the participant with the most disruptive and least productive behavior to set the tone of the program. It requires a supervisor who is interested in the people, but at least equally interested in the work itself. It demands a certain maturity and restraint, since the supervisor may be tempted daily with messianic visions and possibilities, and daily must focus instead on how well his or her crew is plastering the wall.

Such a difficult role has obviously generated considerable effort in selection and training at the program level. This effort has led to no easy answers, but has provided some interesting insights.

● Though it is important that a supervisor be interested in the worksite itself and have the necessary skills, it is equally important that he or she not see supported work as primarily an arena to further his or her own skills. It will not be; it is largely a place to transmit

experience and skills to others. Many programs try to find older or retired craftspeople as supervisors, finding them to be less interested in furthering their own skills than in teaching others.

● Some past supervisory experience is unquestionably helpful, since only that experience can provide the instincts to guide such considerations as how much to expect from a given individual, how to go about motivating different individuals, when to keep expending supervisory time on an individual and when to devote it elsewhere. One out of four supported workers will be fired, and an effective supervisor must know how to provide ample opportunity for a worker to correct his or her problems, without allowing those problems to dominate the worksite and deteriorate the performance and attitudes of others, and when to suspend, recommend ancillary services or termination[1]. Again, older, experienced supervisors are often sought. They usually bring with them a maturity that helps them avoid the messianic role.

● Although it is not necessary that a supervisor be able to use street or prison jargon, or have had previous direct experience with the target groups, it is critical that the supervisor be aware that supported workers, whatever the target group, have largely never had successful job experiences -- and many have had no previous job experience at all. This means for most of them the various rules of the workplace -- which seem commonplace to experienced workers -- need to be articulated clearly and probably more than once. The instilling of proper work habits and behavior -- one of the goals of supported work -- rests largely with the supervisor. For example, rules about attendance, timeliness, calling in

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[1] See Table II-2 for termination rates of various target groups.

TABLE II-2

VOLUME AND PERCENTAGE DIS   UTION OF TYPES OF DEPARTURES
FROM 22 SUPPORTED WORK PROGRAMS, BY TARGET GROUP
DURING 1980

Target Group	Total Departures[a]	Percentage Distribution by Type of Departures									
		Positive Departures			Negative Departures			Neutral Departures[d]			Total
		To School	To A Job[b]	Total	Fired	Other[c]	Total	Mand. Grad.	Other	Total	Total
AFDC	845	3.5	41.7	45.2	13.3	5.8	19.1	9.0	26.7	35.7	100.0
Ex-Offender	1073	3.4	31.5	34.9	26.6	13.4	40.0	2.8	22.3	25.1	100.0
Ex-Addict	191	2.1	36.2	38.3	21.5	9.9	31.4	5.7	24.6	30.3	100.0
Youth[e]	827	6.5	28.8	35.3	31.1	6.2	37.3	4.4	23.0	27.4	100.
Other[f]	459	6.5	39.0	45.5	20.0	5.6	25.6	4.6	24.6	29.2	100.0
ALL GROUPS	3395	4.5	34.7	39.2	23.2	8.7	31.9	4.9	24.0	28.9	100.0

SOURCE: Tabulations of status activity in the Supported Work Management Information System.

NOTES: The data cover all participant departures from the 22 Supported Work programs during the period from January 1, 1980 through December 31, 1980.

Percentage distributions may not add exactly to 100.0 because of rounding.

[a] Total Departures include departures for which the reason specified was "Other", with a written description included.

[b] Positive departures to a job include both subsidized and unsubsidized placements. For 1980 unsubsidized placements accounted for 2.6% of the 34.6%.

[c] Other Negative Departures include incarcerations, re-institutionalizations, and resignations due to dissatisfaction with the supported work job.

[d] Neutral Departures include such things as death and resignations for reasons of personal or family health problems.

[e] youth figures include the youth enrolled in the Youth Variation program in Atlanta, Philadelphia, Oakland and Trenton.

[f] The Other target group includes Ex-Alcoholics, Mentally Disabled employees, former CETA workers, Young Adults and General Assistant Recipients.

sick, and the like, are often not fully comprehended by participants or, even if comprehended, not immediately translated into behavior. The supervisor's role includes frequent calling attention to infractions of these rules and clear delineation of their consequences. Many participants, particularly in the ex-addict, ex-offender and youth categories, have previously experienced various kinds of programs and believe that rules will be bent or not enforced because of their prior history or current problems. The supervisor determines how the participant views the program's requirements.

However, this does not mean that a frequent setting forth of the rules, and rigid adherence to them, will produce a good worksite. It is in the area of dealing with participants' lack of successful job experience that a program and supervisor can utilize some creativity. Individuals do require variation in the way they are dealt with, and this can be done without creating different rules for each participant or delving too deeply into individual lives. For example, occasionally supervisors will have workers who are productive, apparently sincere, non-disruptive at the worksite but simply never get in on time and are approaching termination because of it. Some supervisors keep a list of such individuals and will for several mornings call them to remind them to come to work. Obviously this cannot become a regular part of the supervisor's job, but done selectively, it can produce the desired results. A surprising number of supported workers interviewed indicated a supervisor's attention to their early program behavior, insistent but concerned, aided them considerably in improving their performance.

Some supervisors involve their crew members in the setting and

evaluation of production goals. To implement such a plan is time consuming, and requires strong worksite supervision and leadership. However, the program staff who have utilized this technique feel that its value is tremendous, particularly in low skill worksites, since it involves the workers in the worksite to a greater degree, and thereby produces better performance and increased peer pressure.

Many supervisors make sure that they communicate to each worker, but particularly new workers, every Friday regarding the positive and negative aspects of the worker's performance during that week. This not only indicates that the supervisor is paying attention, but it also helps accustom inexperienced workers to picking up unspoken cues about their performance which experienced workers pick up and act on almost as a matter of instinct.

Possible techniques are infinite, and some are so subtle and individualized that to relate them in a manual, without context, renders them meaningless. They constitute the creative part of any supervisor's job.

Because of the supervisors' critical role, and the stress and conflicting demands of the job, program management, including the program director, must play an active role in involving themselves with the supervisors and in finding tools to increase their performance and evaluate their effectiveness. Professional training sessions, regular in-program meetings with supervisors, visits to worksites by management staff all play a role in keeping supervisors and management in close communication. Developing special information reports which allow management to evaluate supervisors by the attendance, punctuality, productivity and transition rates of their crew members are essential if

supervisors are to be properly evaluated.

The above discussion relates primarily to supervisors who are hired and controlled by the supported work program. However, in cases where an outstation worksite is developed -- e.g., the medical college mentioned in the previous section of this chapter -- program management must exercise caution, investigation and special techniques to ensure that it is administered as supported work. Some techniques successfully utilized are:

- Many programs only outstation workers who have performed success-fully at a program-controlled worksite for at least three months. In this way outstationed workers are actually those in a more advanced stage of their supported work experience, and thus will not pose the behavioral problems to client supervision that a beginning crew of supported workers would.

- Orientation sessions for client supervisors on supported work program goals and techniques are essential.

- Some client agencies are willing to take a supported work super-visor, train him or her in the work and procedures of the agency, and let the program supervise the crew. This technique is often possible when the work to be performed is physically separate, and must be done on client premises only because of equipment, material, production or space requirements.

- Some client agencies are willing to let supported work staff break down the work tasks, i.e., restructure the work so that it better fits the needs of the supported work crew without sacrificing the productivity requirements of the client agency.

- Each client-supervised worksite must have a program liaison who regularly visits the worksite, talks to the supervisor and workers, provides any required ancillary services or referrals thereto, and monitors the operations of the worksite and the attendance, punctuality, transfers, terminations and productivity of the workers. Monitoring these indicators will expose those worksites where some form of intervention may be necessary.

The importance of the supervisor's role in supported work cannot be overstressed. Neither can it be conveniently packaged; nor will it ever be trouble-free. The development and creative implementation of that role is one of program management's primary tasks.

Graduated Stress

The application of graduated stress techniques enables supported work participants to adjust, by degrees, to the demands and pressures of a steady job. Most supported work participants have been out of the labor market for extended periods of time and in many instances, have never worked at all. Very few come to supported work with well-formulated work habits or realistic notions about what may be expected of them on the job. Graduated stress attempts to bridge the gap, over the course of the individual's stay in supported work, between his or her actual job performance and the performance a regular job requires.

In a sense, graduated stress is no different than what any employer does with a new employee: a gradual build-up of performance requirements over time. However, given the often severe employment handicaps that supported workers bring to the job, a supported work program must structure graduated stress into the experience to a far greater degree than a

regular job experience would require. The demonstration has developed a number of techniques for doing so:

- Graduated Attendance and Punctuality Requirements

By definition, supported work target groups have demonstrated an inability to cope with the time and lifestyle constraints of a five day, eight-hour per day job. The regularized attendance and punctuality requirements are particularly difficult to maintain. Most programs graduate those requirements, so that as program stay increases, less absences and tardiness are tolerated; usually by the fifth or sixth month of program participation, standards are equivalent to those of non-supported jobs. Except for allowable holidays, vacation and sick leave, pay is never given for unexcused absences or latenesses. A fairly typical set of program policies regarding lateness and absence follows this chapter.

The danger of this technique is setting initial standards too low. To some extent the maxim "performance never exceeds expectations" is true. As discussed below, wage and bonus systems can be designed to help counteract this phenomenon.

- Graduated Wage Levels

The starting wage of a supported worker is either at or slightly above the federal minimum wage. Over the course of a participant's stay in supported work, he or she is eligible for several wage raises, usually at increasing intervals of time. The purpose behind these regularly scheduled increases is to provide some wage reward relatively quickly, for any supported worker whose performance meets the increasingly strict performance standards. Most

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jobs do not do this so quickly or frequently, and for that reason, the length of time between wage increases lengthens over the program stay so that by the time of transition, the supported worker will not be anticipating a wage increase every four or eight weeks.

● Graduated Bonus Systems

A sample of a bonus system employed by one program follows. Some sites tie bonuses strictly to objective standards of attendance and punctuality; others utilize broader, less quantifiable standards of performance. All bonus systems are graduated in terms of lengths of time between bonuses.

One demonstration program employs in its bonus system what it calls a "step system." It consists of four levels that begin with a participant's initial employment and progresses to a state of job readiness. At each level, a participant is evaluated on a rating system that requires him or her to earn points in 12 different categories that encompass the worker's ability to function as a team member, the quantity of work produced, etc. A satisfactory score determines whether the participant will earn a bonus or advance to a higher level. Each of the 12 categories is broken down into progress steps that are rated on a 0-4 scale. Participants who consistently score in the zero range are deemed unsuitable for supported work and ultimately terminated from the program.

Program supervisors evaluate all reasons for lateness and decide whether they should be excused or unexcused and whether the participant will be suspended or terminated. Several of the programs feel that whatever the bonus triggers are, no more than 30-50

percent of the workforce should be receiving bonuses or the money loses its "bonus effect" and becomes an expected wage supplement.

Research on the demonstration did not systematically examine the impact of bonuses on participant performance, so there is no definite way to know their importance. Those programs that take an active approach to their bonus system judge it has value: they record a participant's progress toward their next bonus on their paychecks, in regular performance reviews or in posted lists. Some make it a savings bonus and regularly report to workers the amount of bonus plus interest in savings they have accrued.

Whatever the technique, it is important to implement a bonus system so that the monetary reward, even if not large, is noticed, because any use a small bonus system has probably lies in its implementation.

●   Graduated Job Assignments

The intent of this technique is to assign workers to supported work jobs in a sequence which is progressively challenging in terms of skill, production pressure or autonomy and initiative. In practice it is difficult to implement except in relatively limited and modest ways. The worksites a program actually creates, the preferences of workers, the actual slots open at a worksite at any given time, and the need for crew stability all pose obstacles to implementing any grand design for graduated job assignments. Such designs will in all likelihood result in building up staff and participant expectations and then letting them down.

However, the idea is sound, and there are several techniques

which have been implemented at demonstration sites. Several programs have developed one or two worksites for up to 20 workers or so, usually involving packaging or assembly-line type work that is done on supported work program premises as revenue-producing subcontracts with a client agency or business. The work at these sites requires quantifiable production goals and careful quality control. The programs inform new participants that they will be evaluated at this worksite for one to three months, and then placed in a more desirable worksite. Since the work is quantifiable, individual or crew productivity bonuses are appropriate and probably useful. The basic problems with this approach, if pursued rigidly, are that it takes no account of either worker preference, maturity or skills or current program workforce needs, and therefore is neither very inspiring to many workers nor practical for workforce allocation. Thus, it is best not set up as a rigid procedure. Such worksites, though, are valuable for their high degree of control and structure, and many programs try to develop them for workers not performing adequately on less structured worksites, and filling in other available slots with new workers.

Several programs have tried to develop all their worksites within several basic job clusters (clerical, construction, manufacturing, etc.). They get workers into their preferred cluster as soon as possible, and then, within the cluster, assign jobs so that a participant can progressively advance his or her skills. One program developed worksites in demolition, rehabilitation and construction, figuring the logical progression in skills is from

Texas and Maine also planned programs which, while in-
novative, produced few results in the form of OJT placements. For
example, their programs had sequential components designed to strengthen
the general employability skills of recipients. The intent was to
minimize the risk to employers before they committed to an OJT position.
In Maine, far more people participated in field assignments than were
placed in OJT positions. In Texas, most employers have elected to skip
the unpaid phase.

At this early point, the take-up rates by employers do not
seem to be affected by different subsidy levels, which are influenced in
each state by the average grant size, sometimes supplemented by funds
from other sources. Subsidy levels range from a low of about 25 percent
in Texas to a high of up to 83 percent in Florida (where the 33 percent
grant-diverted subsidy can be augmented by a 50 percent subsidy from
JTPA). The state with the highest placements to date is Arizona, which
offers employers $180 per month, the rough equivalent of a 30 percent
subsidy. (Although job developers have the prerogative to augment this
subsidy with funds from JTPA, this has rarely happened.) The state
offering the richest subsidy, Florida, is among the lowest in place-
ment rates, although this has much to do with the time-consuming con-
tractual relationships being worked out with the SDAs. As the programs
stabilize and expand, it will be interesting to see if employers do
become sensitive to different subsidy levels.

Because the programs have been slow in starting, states have not been particularly selective about the type of employer or the starting wage. Vermont and Maine were the most concerned initially about seeking primary labor jobs paying well above the minimum wage. In a high benefit state like Vermont, this was considered important as a means of encouraging recipients to move entirely off the rolls. Florida, as a low benefit state, represents the other extreme, where minimum wage jobs were more acceptable.

Although their ability to be selective has been undercut by job development constraints, states have tried to stay away from "fast food" jobs and jobs where the wage subsidy would be a windfall to an employer who would have hired a regular worker with similar experience and background. The most common jobs are in the clerical, maintenance, industrial and service areas. One factor has been noticeable in this start-up period, however: Only limited training is being conducted in these positions. The OJT subsidy seems to be used to compensate employers for perceived lower productivity; it is not taking the form of a reimbursement for training expenses incurred by the employers.

As has been the case in other OJT programs, small and medium-sized employers have been the most responsive to grant diversion. States have had difficulty developing any positions with large employers. Most of the commitments thus far have been for one or two slots, with the one exception being an electronics assembly company in Tucson which was seeking 90-100 new employees. It hired 35 AFDC recipients, 26 of whom were grant diversion participants. Single-placement job development could become a problem of greater magnitude if the programs increase appreciably in size.

D. The Grant Diversion Mechanism

One major breakthrough during the early implementation period of the demonstration has been the development of a sound grant diversion mechanism. The process, done by "pencil, paper, and perspiration" under Supported Work, has been streamlined considerably, with much of this progress attributed to OFA's willingness to authorize blanket waivers and to expedite waiver approval. The new system was clarified to the six states in a meeting with OFA in November 1983, after which OFA issued a "questions and answers" memo with an interpretation of many of the technical aspects of grant diversion: e.g., overpayment (situations in which a recipient receives both a full welfare check and a check from the employer in the same month), recoupment, and how changes in family circumstances should be handled with respect to welfare eligibility and the size of the grant.

The following waivers were authorized under Section 1115 of the Social Security Act:

WAIVERS

1.	402(a)(1)	Statewideness
2.	402(a)(5)	Redeterminations
3.	402(a)(7)	Income calculations
4.	402(a)(10)	Payment to wage pools
5.	402(a)(13)	Retrospective budgeting
6.	402(a)(14)	Monthly reporting
7.	402(a)(18)	150% of need
8.	402(a)(8)	Income disregards
9.	402(a)(3)	Single agency administration
10.	402(a)(19)	Sanction provisions
11.	402(a)(19)(A)	WIN registration provisions

The states responded favorably to the flexibility afforded by OFA and took advantage of the waivers. The waivers approved for each state are referenced by the numbers identified above:

Arizona	(1,2,3,4,5,6,7)
Florida	(1,2,3,4,5,6,7,8)
Maine	(2,3,4,7)
New Jersey	(1,2,3,4,5,6,7,8)
Texas	(1,2,3,4,5,6,7,8,10)
Vermont	(1,2,3,4,5,6,7,10)

All of the states have taken advantage of the new ruling on the "wage pool" whereby an average subsidy is computed based on the average grant level, projected wage rates and work hours, the distribution of the caseload by family size, and estimated child-care payments. This eliminated the need to compute different subsidy levels for each individual. States did not, however, universally implement the waivers. For example, some states elected to continue monthly recalculations.

Accounting procedures were also simplified under the new "wage pool" concept, and specific systems have been worked out after negotiations between the income maintenance and employment divisions of the state welfare agencies. Most of the states have thus successfully established computerized accounting systems where funds are automatically transferred to a wage pool account. The slow build-up of participants has been, in this case, fortuitous, enabling states to test and modify the procedures if necessary before the programs became larger. The states should now have the capacity to handle increased numbers of participants if the programs expand.

The precedents established by these six states should serve as a model for other states contemplating the welfare diversion option. By amending Work Supplementation in the Deficit Reduction Act (DEFRA), Congress has made it even more attractive for states to add grant diversion to their repertoire of employment strategies.

E. Administration

Most of the states have been hindered by administrative obstacles. Aside from job development, this was the largest constraining factor in getting programs off the ground. Administrative difficulties stemmed from both external and internal factors.

Externally, the charge to mount a new initiative came at the same time states were being overwhelmed by major regulatory changes affecting the welfare system (resulting from OBRA) as well as funding reductions and layoffs; the civil service "bumping" system tied to seniority also meant that many staff were re-assigned to unfamiliar positions. The instability of the system did not produce a climate well-suited for launching a new project. States coped with these changes as best they could, and should be commended for their determination to get this new effort off the ground.

Many of the states underestimated the staffing levels necessary to undertake an OJT program targeted to welfare recipients. Vermont and Arizona are the most richly staffed of the programs; Florida and Texas, on the other hand, have more modest staffing levels. Vermont, with the lowest placement goal of 200 OJT slots, devoted 10 job developer

positions to the project, while Arizona took on four Employer Service Representatives to handle job development in Phoenix and Tucson. In Texas, one person in each of the three counties serves as a "jack of all trades," with responsibility for all facets of the project from job development and the coordination of job referrals to negotiating contracts with service providers for support services. In a major city like Dallas, this is unrealistic. Florida's staffing shortage is not so much in the day-to-day operation of the program (which occurs in the regions), but in state-level coordination, where careful negotiations are necessary with each of the SDAs.

The locus of responsibility for the program within the state welfare agency has also affected the early implementation period. All of the programs have had the initial strong backing of the governor and the state welfare commissioner. However, responsibility for ongoing daily administration varies from state to state. In Arizona and New Jersey, the person with overall responsibility has direct access to top management. This increases the stature of the program and gives the program added clout in handling sensitive negotiations both within and outside of the department.

F. Institutional Relationships

With diminishing public resources, institutional collaboration is becoming a necessity. Most of the states have made some attempt to collaborate with either the Employment Service or the JTPA system. The nature and scope of these relationships vary from state to state,

but most attempt to use the distinctions between social service functions and job development and placement functions as the basis for coordination.

Under these coordinated arrangements, the state welfare agency tends to concentrate on the screening and referral of eligible candidates for OJT, accommodating social service needs by removing barriers to employment, and tending to the mechanics of diverting the welfare grant and managing the wage pool. The employment and training system (JTPA SDAs or the Employment Service), on the other hand, focuses on job development and placement functions. Maine is somewhat of a hybrid since WFET staff are responsible for the field placement component, and in some regions are also involved in the job development process for OJT positions.

In states where coordinated arrangements are working best, long-standing relationships have existed between the two systems. For example, in New Jersey, the Department of Human Services and the Department of Labor have always worked well together in WIN. Arizona has the benefit of an umbrella agency housing WIN, JTPA, and the Employment Service.

Other states, such as Maine and Florida, are trying to establish relationships for the first time, which is often a slow and difficult process. The biggest hurdle in these states is conflicting organizational priorities. The employment and training system, particularly under JTPA, is employer-oriented and must maintain a good reputa-

tion in the business community to function as a viable source of job referrals. The welfare system, even under OBRA, is usually more client-oriented. The most frequent source of strain has been the different standards each has on employability. Clients screened as appropriate by the welfare system may not meet the employment and training system's more rigorous definition of employability. One sign of progress seen in both Maine and Florida is the willingness of the JTPA systems to commit JTPA funding to enrich the wage subsidy level beyond what would have been available through diverted welfare grants.

States devoting the time and energy to developing good relationships are making an investment in the future, using welfare diversion as the vehicle. It remains to be seen if this investment has a long-term payoff for both the participating institutions and the populations they serve. Any further assessment of the merits of fostering institutional relationships will need to await the final documentation report.

V.   Preliminary Guidelines

This concluding section of the report will provide preliminary guidelines to other states considering the use of grant diversion to fund OJT programs. Great caution should be exercised with these recommendations since they are based only on an initial operational period. They should not be considered definitive, but simply as guidelines intended to help other states minimize or avoid the problems experienced by the six states in this demonstration.

These recommendations or guidelines are being provided at this time because of the escalating interest in grant diversion following the passage in 1984 of the Deficit Reduction Act (DEFRA). By amending Work Supplementation, DEFRA has made grant diversion even more appealing to states. States no longer have to apply for waivers; instead they may simply amend their state plan. Other DEFRA provisions -- such as lengthening the $30 of the $30 and 1/3 disregard from four months to a year and extending the period of Medicaid coverage following unsubsidized job placement -- could also make grant diversion a more attractive option for participants.

1.   Grant diversion as a funding mechanism is feasible.   The greater flexibility allowed by the Office of Family Assistance and the changes authorized in DEFRA have simplified administrative procedures, particularly the process for diverting the welfare grant into a wage pool, which is then used for subsidies. This eased the administration of the program.

2. Consider the use of grant diversion-funded OJT programs within the context of the other employment options offered to welfare recipients and the state's overall goals and objectives. OJT programs are likely to be relatively modest when measured against the AFDC case-load. Program goals should be based on the realistic potential for placing welfare recipients into OJT positions. The past experience in the state of hiring welfare recipients in OJT positions should be used as a guide in setting goals. In addition, grant diversion-funded OJT programs are likely to be a voluntary option within the WIN system.

3. Build in adequate planning time. A minimum six-month planning period seems essential. The time is needed for both developing the model and establishing administrative procedures. Many states will require authorizing state legislation and the formal adoption of adminis-trative rules and regulations governing the program. Time is also needed to assign (or hire) and train staff. It will also be beneficial to include staff in the planning process whenever possible.

4. Target geographically. Rather than implementing the program statewide, it is best to start in areas of the state which are most experienced with OJT and then to expand the program gradually to other areas of the state.

5. Target eligibility to a specific segment of the WIN case-load. Although the long-term effects of OJT on the employment and

earnings of participants and welfare savings will not be available until the impact studies are completed, it seems sensible to limit eligibility to that segment of the WIN caseload which is not likely to get jobs without assistance, but can be sufficiently attractive to employers who are offered wage subsidies as a hiring incentive. "Creaming," or placing the most employable recipients in OJT positions, increases the risk of not reducing welfare expenditures since many of these individuals could get jobs on their own without an OJT experience. Welfare history or prior experience in other WIN components is probably the most reliable way to target the programs. For example, eligibility could be limited to individuals on welfare for a minimum specified period or individuals unsuccessful in obtaining a job in a front-end job search component.

6. <u>Consider using grant diversion as an employment or marketing tool but not as a separate program.</u> Grant diversion could be available to a range of job developers, all of whom are responsible for locating jobs for welfare recipients. These include job developers from WIN, the Employment Service and JTPA. Job developers should use their judgment in each particular case as to whether a wage subsidy is needed as an incentive to induce employers to hire a welfare recipient.

7. <u>Do not underestimate the time and effort involved in developing OJT positions.</u> A substantial amount of staff time is required for a modest return. States should plan accordingly.

8. <u>Be realistic about what types of jobs can be expected.</u>
It is unlikely that OJT positions can be limited to primary labor
market jobs paying well above the minimum wage. Program staff are
usually not in a position to be overly selective. Most OJT positions are
likely to be entry-level in the clerical, maintenance and service
trades.

9. <u>Similarly, many jobs will not offer much in the way of
occupational training.</u> Employers generally regard the subsidy as com-
pensation for lower productivity levels. Depending on the job, training
is likely to be incidental to the work performed by participants in the
OJT positions.

10. <u>Concentrate job development efforts on small and medium-
sized employers.</u> These employers are generally the most responsive to
on-the-job training programs, and they are also capable of fast hiring
decisions. Large employers, on the other hand, usually have many pro-
cedures to follow before commitments can be made. While larger employers
should not be ignored, a program's expectations should be reasonable.

11. <u>Keep the contractual arrangements with employers as simple
and straightforward as possible.</u> Contracts should be short, and reim-
bursements to employers should be handled as expeditiously as possible.
Maintaining goodwill is essential both to enhance the prospects of future
OJT commitments and to encourage employers to spread the word in the
business community about the availability of this program.

12.   Avoid unnecessarily complicated program designs. Front-end
components may be beneficial in strengthening the general work skills and
confidence levels of recipients; they should, however, be kept separate
and apart from the OJT. Otherwise they are likely to create bottlenecks
in service delivery and perhaps confuse employers. They may also com-
plicate the job development process.

13.   Make sure staffing levels are adequate to handle the
workload and assign overall responsibility to an administrator with
stature who has direct access to top management. The internal and
external coordination necessary for grant diversion to function ef-
fectively requires an administrator capable of handling complicated
negotiations and decisions.

14.   Make every attempt at inter-agency coordination.   While
this can delay the program in the short run, it is probably beneficial
in the long run. As public resources continue to become scarcer,
coordination of program planning and the joint design of project acti-
vities become important in maintaining the provision of services.   In
such a relationship, it is most effective for each agency to do what it
does best. Differences and turf issues should be cast aside to work for
goals that are mutually beneficial. This is sometimes facilitated if
staffs of all the agencies involved are consulted during the planning
stages.

15.   Grant diversion should also be considered as a funding
mechanism for other types of programs. While its use has been limited

thus far to on-the-job training programs and a few other similar initiatives, the mechanism shows promise as a way to use income transfer payments to fund other useful employment approaches for welfare recipients and other populations dependent on public expenditures.

VI.   Next Steps

The viability of grant diversion-funded OJT programs as an employment tool to transition welfare recipients into private sector jobs will become clearer during the second year of implementation. During the next year, MDRC staff will continue to observe the experiences of the six states as they implement and refine their grant diversion programs. The issues and challenges identified in this report will be re-examined to determine if changes occur as the programs expand and enrollment levels increase. Careful attention will be paid to policy, programmatic and administrative changes that are instituted to facilitate the operations of the program. Factors that constrain program operations will also be analyzed.

In early 1986, a final report documenting the key operational lessons from the first two years of the demonstration will be completed along with recommendations for replication and adaptation of the grant diversion mechanism by other states.

Illustration I

Assume that an AFDC client with two children, recieving a monthly grant of $350, obtains a job and begins earning a salary of $600 per month (approximately $4.00/hr, for a 35-hour week).*   Before calculating the effect of this new earned income on her AFDC grant, a few costs and a standard disregard are deducted from the earned income. These include:

- Work Expenses. These are costs, such as transportation, required for the AFDC recipient to retain her position: $75 per month is authorized.

- Child Care Costs. A deduction of actual costs, up to $160 per month for each child, is authorized. For this example, an estimate of $100 per month is used.

- $30 and 1/3 Disregard. For the first four months of employment, $30 and 1/3 of the remaining earned income is disregarded from consideration when recalculating the AFDC recipient's grant. (Since the passage of the Deficit Reduction Act of 1984, the first $30 is also disregarded for an additional eight months.)

The result of these items is:

Monthly Wage	$600
Work-Related Expenses	(75)
Child Care	(100)
$30	(30)
One Third	(131)
	$264

Consequently, it would be determined that $264 of the client's $600 wage is earned income and her grant of $350 would be reduced by that amount.   The remainder ($86) would be paid to the client as a supplemental grant and the $264 would be that portion of the original grant that could be diverted to another use (i.e., as a subsidy to the participating employer).

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*This example is based on the assumption that total income earned by an AFDC recipient would not exceed 185 percent of the state standard of need.

Selected Characteristics of State Welfare Grant Diversion Programs

Program Features	Arizona	Florida	Maine	New Jersey	Texas	Vermont
Program Name	The Right Change	TRADE (Welfare for Work)	TOPS (Training Opportunities in the Private Sector)	The Grant Diversion Project	The Job Training/ Work Experience Program	TOPS (Training Opportunities in the Private Sector)
Program	• Marketing tool for placements in employment (rather than service program)	• Referral from WIN after assessment and assignment to OJT	• Appropriateness screening • Sequenced, 3 component program: 1. 2-5 wk. pre-voc. training 2. Field Placement (12 wk.max.) 3. OJT/Grant Div. (6 mos. max.)	• Referral from WIN after assessment to Employment Service, Job Development and OJT	• 3 component model (not sequenced) - 1.Job Training (max. 2 mos.) 2. Work Experience 3. Permanent Employment	• Appropriateness screening • OJT from 2 wks. to 6 mos.
Designated State Agency	Department of Economic Security	Department of Health and Rehabilitative services	Department of Human Services	Department of Human Services	Department of Human Services	Department of Social Welfare
Areas	• Statewide	• Statewide	• Statewide	• 8 of 21 Counties	• 7 of 275 Counties	• Statewide
Target Group	AFDC recipient - at least 3 mos. on welfare and/or - completed job search - base grant at least $180/mo.. - not receiving UI	• WIN clients who have completed Job Club and Job Search	• Hard to employ AFDC clients - min. 6 mos. on welfare - not working single head of household	• WIN (mandatory and voluntary) clients - more specific targeting to hard-to-employ suggested but not required	• Voluntary and mandatory WIN registrant	• Working poor • Recipients with grants of #326 • Educated between 10th grade and up to 3 yrs of college • working less than 20 hr./wk.
Enrollment/Placement Goals	Year 1: 100-150* Year 2: 1000 Year 3: 1000	• Year 1: 800 • Year 2: 1500 • Year 3: 700	• 427 into TOPS - 309 into Grant Diversion	• 500 job placements each year	• Year 1: 890 • Year 2: 1600 • Year 3: 1700	200 placed through TOPS 1984-1985
Subsidy Level	$180/mo. (max. 6 mos.)	$190/mo. (max. 6 mos.) (average 33%) + 50% (max.) JTPA	50% subsidy (35% WEET) (15% JTPA)	50% subsidyy (up to 6 mos.)	- 1. 100% (JT) - 2. $140/mo. (WE)	50%
JTPA Linkage	• available to JTPA as marketing tool	JTPA subsidy 50%	JTPA subsidy 15%	At county discretion	None	None

* Adjusted to 150.

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CHAPTER 1025

An act to amend Section 52616 of, and to add Sections 33117.5, 71050, and 84707 to, the Education Code, to amend Sections 10521, 10524, 15006, 15010, 15011, 15032, 15037, and 15043 of, and to add Section 9615 to, the Unemployment Insurance Code, and to add Article 3.2 (commencing with Section 11320) to Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Aid to Families with Dependent Children, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2580, Konnyu. Aid to Families with Dependent Children: employment.

Existing law provides for various employment and training programs in order to provide services necessary to permit Aid to Families with Dependent Children (AFDC) program recipients to acquire unsubsidized employment.

This bill would provide for an employment and training services program for these recipients, to be administered by each county welfare department, in a manner consistent with regulations developed by the State Department of Social Services.

This bill would require each county, or a consenting group of counties, with the cooperation of community college districts, county offices of education, and private industry councils, to develop a plan for the program which contains a needs assessment containing specified elements. Each plan would be subject to the approval of the State Department of Social Services.

This bill would require each county plan to provide, or arrange for the provision of, as a minimum, specified types of employment, training, and supportive services, except that when any of these services are not provided for by a county its plan shall include a justification for not providing these services, and with the types of services which each county is to provide to be specified in the county plan.

This bill would require all AFDC applicants or recipients required to register for employment or training services under federal law to register for this program, with all other AFDC applicants or recipients to be permitted to participate voluntarily in the program.

This bill would require the county and, with specified exceptions, each registrant, upon registration, to enter into a basic contract specifying the program components to be utilized by the participant,

and the services to be provided by the county. The participant's initial program component assignment would depend upon specified factors. Under specified circumstances, certain registrants would not be required to participate in the program until the county welfare department determines that those circumstances no longer exist.

This bill would also provide methods for determining subsequent program assignments. It would set forth procedures to be utilized when the county and the recipient cannot agree on a plan.

This bill would provide for sanctions for nonregistration, or against participants for nonparticipation in program components without good cause, as defined, and against any service provider which fails to provide the required services.

This bill would set forth a dispute resolution procedure in instances where the participant disagrees with an action of the county.

This bill would require various state agencies to perform specified functions, including a requirement that the State Department of Social Services seek available federal funding and any necessary waivers of federal law.

This bill would require the Superintendent of Public Instruction and the Chancellor's office of the California Community Colleges to identify school districts and community college districts, respectively, to best accommodate participants whose contracts require education and skills training, and to enter into necessary contracts for provision of those services. The bill would make specified funding sources available to pay for services provided under these contracts including an appropriation from Section B of the State School Fund.

This bill would require the Employment Development Department to provide the jobs services required by this bill.

This bill would include the job training and employment services required to be rendered to recipients who have contracted therefor within existing provisions implementing the federal Job Training Partnership Act, and within job training and placement programs for AFDC recipients under specified provisions. It would also make related changes.

This bill would set a schedule for statewide implementation of the program.

This bill would exempt emergency regulations necessary for implementation of the bill and adopted within 120 days of the enactment of the bill from the review and approval of the Office of Administrative Law.

Since this bill places additional responsibilities on each county, it would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions provide a procedure for paying this reimbursement and require any statute mandating these costs to specify that reimbursement shall be made from the State Mandates

Claims Fund for these costs.

This bill would appropriate $7,900,000 from the General Fund and $7,900,000 from the Federal Trust Fund to the State Department of Social Services for the purposes of implementing this bill during the 1985–86 fiscal year, including reimbursements to counties for costs mandated by the state pursuant to this bill.

The bill would appropriate $200,000 from the General Fund to the State Department of Education, for expenditure during the 1985–86 fiscal year, for the resource and referral program to support activities provided for in the bill.

The bill would also require transfers of funds between the State Department of Education and the State Department of Social Services for purposes of child care, and these transfers would constitute appropriations.

The bill would also provide that, except as specified in the bill, appropriations for subsequent fiscal years shall be made pursuant to the Budget Act.

The bill would reappropriate $2,000,000 from a specified item in the Budget Act of 1985, and $1,000,000 from the General Fund, to the Superintendent of Public Instruction, in order to carry out specified duties provided for in the bill.

This bill would make its provisions operative only if SB 303 is enacted during the 1985 portion of the 1985–86 Regular Session.

This bill would take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 33117.5 is added to the Education Code, to read:

33117.5. (a) Adult education programs and regional occupational programs operated by school districts and county offices of education that have contracted with the Superintendent of Public Instruction pursuant to subdivision (b) shall provide services to welfare recipients referred by county welfare departments in accordance with paragraph (6) of subdivision (b) of Section 11320.5 of the Welfare and Institutions Code. These services shall include an evaluation of the individual's educational and training needs for purposes of paragraph (6) of subdivision (b) of Section 11320.5 of the Welfare and Institutions Code and the preparation of a related education and training plan reflecting these needs. The plan shall specify the educational and training services to be provided and the length of time services are to be provided, and shall assure access to those services.

(b) The Superintendent of Public Instruction shall identify school districts or county offices of education which can best accommodate welfare recipients for whom vocational education, adult education, and English as a second language is specified in contracts required

by Sections 11320.4 and 11320.5 of the Welfare and Institutions Code. The superintendent shall enter into contracts with each such consenting district or county office, where necessary, so that the contracting district or county office shall provide open entry-open exit skills training and education for welfare recipients who need this training to enable counties to meet their goals for plans developed pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(c) Allocations to the Superintendent of Public Instruction of funds available under Section 202(b)(1) of the federal Job Training Partnership Act shall be used for purposes of this section to the extent the superintendent determines necessary.

The Superintendent of Public Instruction shall allocate these funds directly to those providers of educational and training services delivered in accordance with this section. The Superintendent of Public Instruction shall allocate to community college districts and the Chancellor's Office of the California Community Colleges such funds as are determined necessary pursuant to Section 71050. The Superintendent of Public Instruction may allocate these funds to service delivery areas which have agreements with private schools and organizations to provide educational and training services under Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code. These funds shall be allocated in accordance with the coordination criteria of the coordination and special services plan as provided in Section 10524 of the Unemployment Insurance Code, and according to the priority order of eligible persons for these funds as provided in Sections 15010 and 15011 of the Unemployment Insurance Code.

SEC. 1.5. Section 52616 of the Education Code is amended to read:

52616. The Superintendent of Public Instruction shall determine an adult block entitlement for school districts which maintain education programs for adults. This entitlement shall be paid from appropriations to Section A of the State School Fund as a part of the principal apportionment to school districts.

(a) For the 1983–84 fiscal year, each district's adult revenue limit per unit of average daily attendance for the prior fiscal year calculated pursuant to Provision 1 of Item 6100-156-001 of the Budget Act of 1982 shall be increased by seventy dollars ($70). For the 1984–85 fiscal year and each fiscal year thereafter, each district's adult revenue limit per unit of average daily attendance for the prior fiscal year shall be increased by an amount equal to 6 percent of the prior year's statewide average adult revenue limit per unit of average daily attendance, provided that no such revenue limit per unit of average daily attendance shall be less than 1.06 times the prior fiscal year's statewide average adult revenue limit per unit of average daily attendance.

(b) For the purposes of the block entitlement, the district's

average daily attendance shall be the lesser of paragraph (1) or (2):

(1) The 1982–83 adult average daily attendance authorized for funding purposes for the programs specified in Section 41976, as specified in Item 6100-156-001 of the Budget Act of 1982, multiplied by 1.025 in the 1983–84 fiscal year and each fiscal year thereafter.

(2) The actual adult average daily attendance for the programs specified in Section 41976.

(c) The adult block entitlement shall be computed by multiplying the adult revenue limit per unit of average daily attendance from subdivision (a) and the adult average daily attendance allowed in subdivision (b). The adult block entitlement shall be deposited in a separate fund of the district to be known as the "adult education fund." Moneys in an adult education fund shall be expended only for adult education purposes. Moneys received for programs other than adult education shall not be expended for adult education.

(d) If the adult average daily attendance of a school district in any fiscal year is less than the adult average daily attendance utilized to compute the funded district adult education block entitlement for that fiscal year, the district shall receive an apportionment only for the actual average daily attendance generated. Any surpluses accrued as a result of average daily attendance not generated in a district's block entitlement shall be reallocated after the annual apportionment by the Superintendent of Public Instruction to provide services to welfare recipients pursuant to Section 33117.5. Any remaining surplus shall be reallocated to meet unanticipated growth in adult education. The receipt of reallocated funds shall not be used for computational purposes for the district's block entitlement for subsequent fiscal years.

(e) Each school district which conducted adult education programs for substantially handicapped adults in activity centers, work activity centers, sheltered workshops, state hospitals, and other community settings, shall set aside an amount of money from its adult education block entitlement equal to its current fiscal year revenue limit times the average daily attendance generated in these facilities in the 1979–80 fiscal year times 1.02, subject to the following:

(1) The classes and courses offered in activity centers, work activity centers, sheltered workshops, and state hospitals shall be authorized pursuant to subdivision (e) of Section 41976.

(2) A school district shall operate classes in these facilities and shall expend all funds set aside pursuant to this subdivision and shall use all funds exclusively for those classes for substantially handicapped adults.

(3) The conditions imposed by paragraphs (1) and (2) may be waived by the Superintendent of Public Instruction upon certification from the school district that the local demand for the program is less than the required level of service.

SEC. 2. Section 71050 is added to the Education Code, to read:

71050. The Chancellor's Office of the California Community

Colleges shall survey local community college districts to determine the level and type of services needed and available for welfare recipients pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code. The Chancellor's Office of the California Community Colleges shall develop a plan and standards for the level of participation by community college districts required to meet the goal of providing open entry/open exit education, skills training, assessment, and counseling to these recipients. The plan shall provide for local in-service training and technical assistance to community college districts in development of contracts and programs in cooperation with county welfare agencies, service delivery areas under the Job Training Partnership Act, and others necessary to carry out the intent of that article. The plan shall also provide for the identification of necessary funding levels and sources of funding, including employer-based training and funds available under Section 202(b) (1) of the Job Training Partnership Act, to meet the goals of Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, and the development and implementation of monitoring and reporting tools for the continued participation of community college districts in the provision of services under contracts required by that article.

SEC. 2.5. Section 84707 is added to the Education Code, to read:

84707. The Controller shall, in addition to amounts accruing from all other sources, during each fiscal year commencing with the 1985–86 fiscal year, transfer from the General Fund to Section B of the State School Fund such amounts as are certified from time to time by the chancellor and approved by the Director of Finance for purposes of funding increases in units of average daily attendance pursuant to paragraph (4) of subdivision (b) of Section 84706 of the Education Code as a result of the participation of a community college district in services or programs provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

SEC. 3. Section 9615 is added to the Unemployment Insurance Code, to read:

9615. Eligible persons who are registrants pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code shall receive priority for services provided by the Job Agent and Service Center programs provided for pursuant to this chapter and Executive Order 66-11, July 1966. The department shall use up to 50 percent of the funds available to it pursuant to Section 7(b) of the federal Wagner-Peyser Act (29 U.S.C., Sec. 49f) to provide for job services required pursuant to subdivision (c) of Section 11320.3 of the Welfare and Institutions Code.

SEC. 4. Section 10521 of the Unemployment Insurance Code is amended to read:

10521. As used in this chapter:

(a) "State council" means the State Job Training Coordinating Council established pursuant to Chapter 4.5 (commencing with Section 15035) of Division 8.

(b) "Employment and training programs and services" means all programs and services provided in this state to increase employment or provide job search assistance or training to unemployed or underemployed persons, including those administered by state and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, postsecondary institutions, economic development agencies, and other agencies which have a direct interest in employment and training and human resource utilization in the state. This shall include, but is not limited to, the following:

(1) Programs operated pursuant to the Job Training Partnership Act (P.L. 97-300).

(2) Employment services, as authorized by the Wagner-Peyser Act.

(3) The Work Incentive Program, as authorized under Division 2 (commencing with Section 5000) and Article 3 (commencing with Section 11300) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(4) Employment services to food stamp recipients, as authorized by Public Law 95-113.

(5) The Employment Preparation Program, as authorized under Article 3.5 (commencing with Section 11325) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(6) The Employment Training Program for unemployed parents in families that qualify for assistance under paragraph (2) of subdivision (a) of Section 11201 of the Welfare and Institutions Code, as authorized by Article 3.6 (commencing with Section 11335) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(7) The Supported Work Program, as authorized by Article 3.3 (commencing with Section 11321) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(8) The California Welfare Employment Skills Training Act, as authorized by Article 3.7 (commencing with Section 11340) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(9) The Career Opportunities Development Program, as authorized by Division 4 (commencing with Section 12000).

(10) The California Targeted Jobs' Tax Credit, as authorized by Sections 17053.7 and 24330 of the Revenue and Taxation Code.

(11) The California Work-Site Education and Training Program, as authorized by Chapter 2.7 (commencing with Section 9900) of Part 1 of Division 3.

(12) The State Service Center Program, as authorized by Executive Order 66-11, July 1966.

(13) The Job Agent Program, as authorized by Article 3

(commencing with Section 9700) of Chapter 3 of Part 1 of Division 3.

(14) The Youth Employment and Development Program, as authorized by Chapter 2.5 (commencing with Section 9800) of Division 3.

(15) Reemployment Assistance for Displaced Workers, as authorized by Chapter 2.8 (commencing with Section 9950) and Chapter 2.9 (commencing with Section 9970) of Part 1 of Division 3, and Section 14035.4 of the Government Code.

(16) Adult Education, as authorized by Chapter 10 (commencing with Section 52500) of Part 28 of Division 4 of Title 2 of the Education Code.

(17) Vocational education programs subject to the reporting requirements of the federal Vocational Education Act.

(18) The California Educational Opportunity Grant Program, as authorized by subdivision (c) of Section 69532 of the Education Code.

(19) Vocational education for inmates of correctional institutions, as authorized by Article 6 (commencing with Section 1120) of Chapter 3 of Part 1 of Division 2 of the Welfare and Institutions Code, and by Sections 2054, 2716, and 5091 of the Penal Code.

(20) The California Conservation Corps, as authorized by Division 12 (commencing with Section 14000) of the Public Resources Code.

(21) Apprenticeship programs, as authorized by Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

(22) The Employment Training Program, as authorized by Chapter 3.5 (commencing with Section 10200) of Part 1 of Division 3.

(23) Economic and business development programs and services, as authorized by Part 6.7 (commencing with Section 15310) of Division 3 of Title 2 of the Government Code.

(24) The Small Business Development Program, as authorized by Part 5 (commencing with Section 14000) of Division 3 of Title 1 of the Corporations Code.

(25) The business and industrial development programs, as authorized by Division 15 (commencing with Section 32000) of the Financial Code.

(26) The Industrial Development Financing Program, as authorized by Title 10 (commencing with Section 91500) of the Government Code.

(27) Child care services provided to permit parents to be employed or participate in training, as authorized by Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1 of the Education Code.

(28) Income maintenance programs for persons who would be employed but for a lack of employment opportunities, training, child care, or vocational rehabilitation, as authorized by Chapter 5 (commencing with Section 110) of Division 1, and Division 4